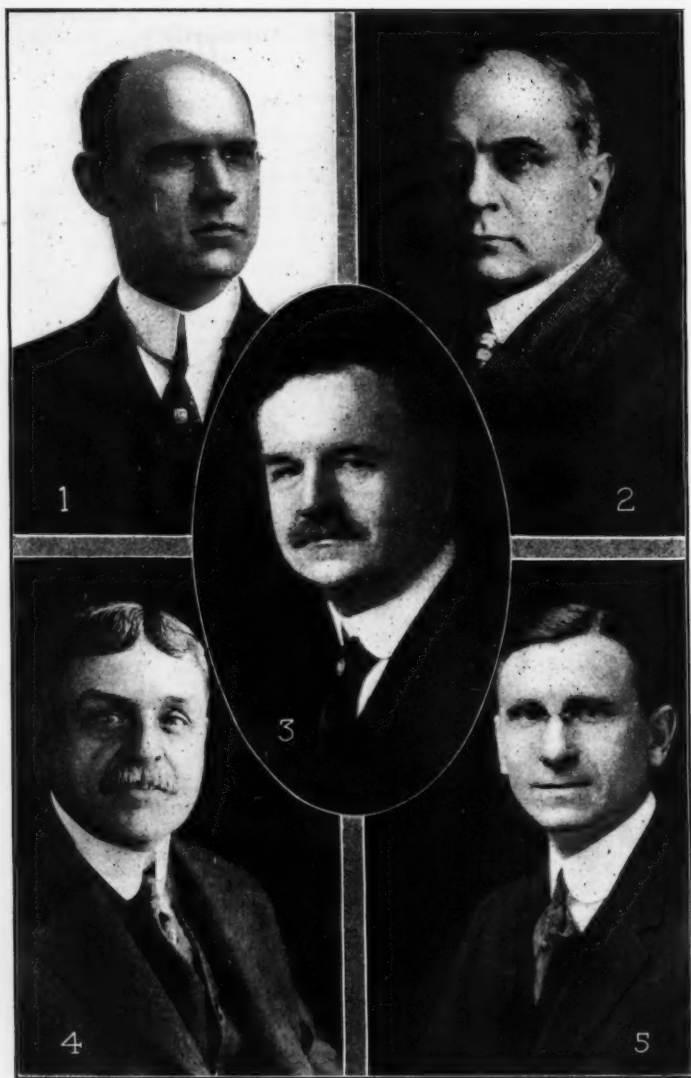


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OFFICERS, 1919-1920

- | | |
|--|---|
| 1. H. E. CHOATE, Atlanta,
1st Vice-President | 2. W. B. CROSS, Duluth,
2nd Vice-President |
| 4. J. H. TARGO, New York,
Secretary-Treasurer | 5. W. W. ORR, New York,
Asst. Secretary and Publicity Mgr. |
| 3. CURTIS R. BURNETT, Newark,
President | |



DIRECTORS, 1919-1920

1. J. D. MEEK, Indianapolis
 3. G. L. LEVI, Philadelphia
 5. F. R. LARGENT, Fort Worth

2. A. K. MATZGER, Seattle
 4. W. F. H. KOELSCH, New York
 6. A. E. MATTHEWS, Denver



DIRECTORS, 1919-1920

- | | |
|---|--|
| 1. R. G. ELLIOTT, Chicago,
Chairman War Tax Advisory Comm. | 2. P. B. BETHEL, Louisville,
Chairman Fire Insurance Comm. |
| 3. L. E. CHANDLER, Buffalo | 4. H. H. HUMPHREY, Boston |
| 5. H. L. EISEN, Milwaukee | 6. H. A. BUTTERFIELD, Savannah,
Chairman Credit Cooperation Comm. |



DIRECTORS, 1919-1920

1. R. H. GAY, San Francisco

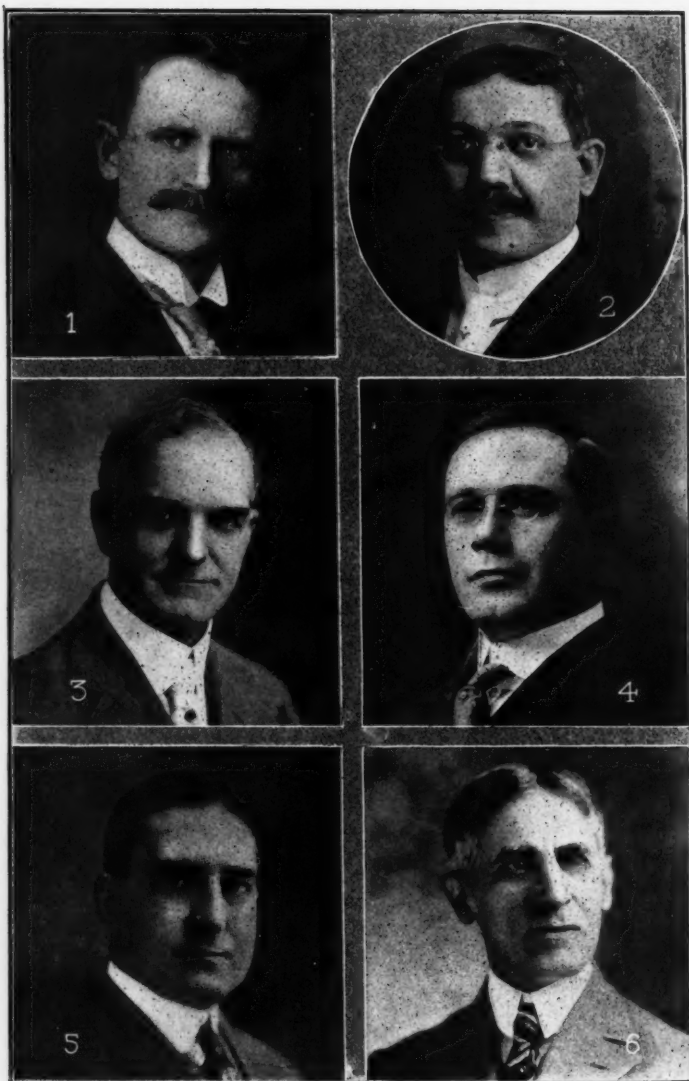
3. M. WEIL, Lincoln

5. VICTOR ROBERTSON, St. Paul,
Chairman Adjustment Bureaus Comm.

2. W. H. MATTHAI, Baltimore

4. H. T. HILL, Nashville

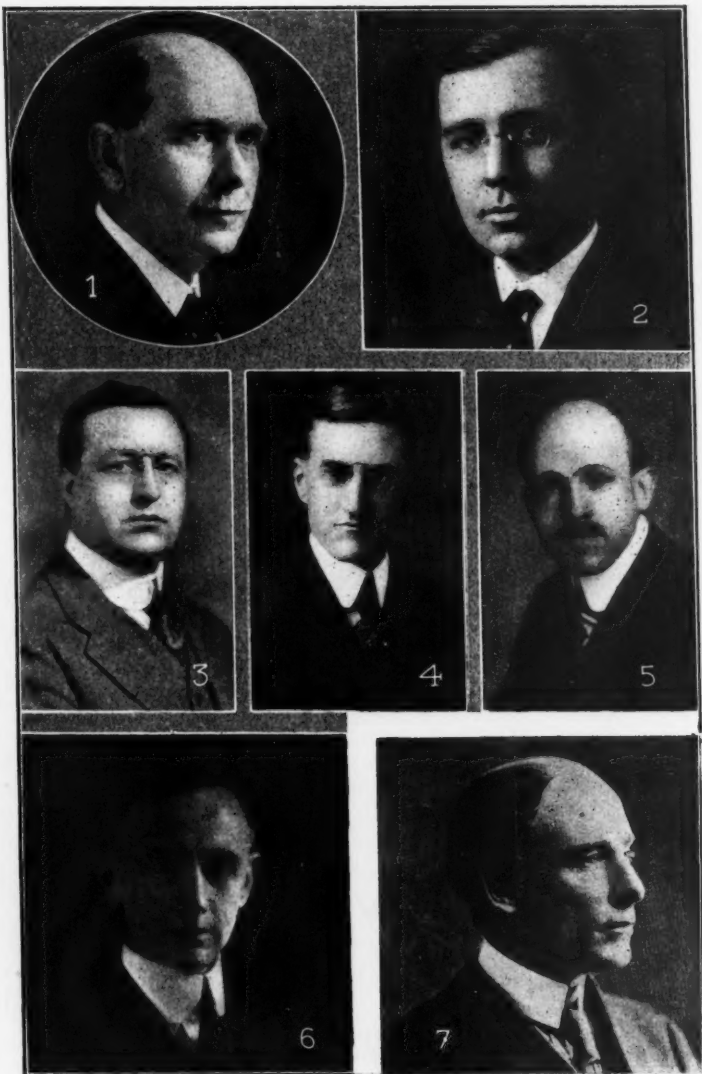
6. A. J. PEOPLES, Detroit



DIRECTORS, 1919-1920

1. J. E. O'NEIL, Oklahoma City
3. F. E. PARROTT, St. Joseph
5. E. M. SEIBERT, Pittsburgh

2. W. P. SIMPSON, New Orleans
4. WM. TONKS, Cleveland
6. J. E. NORVELL, Huntington



COMMITTEE CHAIRMEN, 1918-1919

1. F. M. Couch, Los Angeles,
Membership Comm.
3. C. E. THOMAS, New York,
Foreign Credits Comm.
6. J. H. WEER, Tacoma,
Legislative Comm.

2. F. B. SNYDER, Philadelphia,
Investigation and Prosecution Comm.
5. A. J. MAY, Washington,
Mercantile Agency Comm.
7. D. B. NEIL, Columbus,
Business Literature Comm.

4. M. S. GREEN, Chicago,
Commercial Arbitration Comm.



COMMITTEE CHAIRMEN, 1918-1919

1. C. D. MIXER, Worcester,
Commercial Ethics Comm.
3. F. BLANCHARD, Chicago,
Banking and Currency Comm.
5. D. L. SAWYER, Milwaukee,
Credit Interchange Comm.

2. H. UEHLINGER, New York,
Business Service Comm.
4. D. E. GOLIER, New York,
Credit Edu. & Management Comm.
6. H. W. SPARRENBERGER, Evansville,
Exemption Amendments Comm.

BULLETIN of the

National Association of Credit Men

VOL. XXI.

AUGUST, 1919

No. 8

Proceedings of the Twenty-Fourth Annual Convention of the National Association of Credit Men, Held at Detroit, Mich., June 10th, 11th, 12th and 13th, 1919.

In response to call, there convened, on June 10, 1919, at Detroit, for annual convention, members and delegates of the National Association of Credit Men in the number of 2,247, F. B. McComas, president, in the chair.

PRESIDENT MCCOMAS—It gives me pleasure to call to order this, the twenty-fourth annual convention of the National Association of Credit Men.

President McComas then called on Dr. Joseph A. Vance of the First Presbyterian Church of Detroit to offer the invocation.

PRESIDENT MCCOMAS—The address of welcome was to have been delivered by the Hon. James Couzens, mayor of Detroit. The mayor, as we know, is a busy man right now, and we regret that he cannot be here, but he sent an able representative in George Engel of Detroit.

THE CITY'S WELCOME TO THE CONVENTION

MR. ENGEL—I was requested by his Honor, the Mayor, to welcome you to the city in his name. We have, as you know, a street-car fight in Detroit and the mayor is certainly busy this morning. Your president said that I would ably represent him. That is the one thing that is simply impossible for me—to make a public address.

There is one thought I want to leave with you. I am not going to burden you with a lot of facts or figures about how big Detroit is or what a wonderful city we have. We simply admit it is a wonderful city. We don't have to prove it. I want to call attention to the fact that this city of practically a million people is the only city in the United States of its size that has financed itself all through the war and all through these strenuous times at a rate of interest not to exceed 4½ per cent. Now that is the kind of a town we have here and I know that this will interest credit men because it means pretty good credit to do that.

Detroit is going ahead 100 per cent. with all its improvements of every kind. We are just beginning a new sewer program that will run into some fifty million dollars. We expect to spend ten

million of that this year. We are spending ten million for parks and recreation grounds. We are going to build a bridge to Belle Isle, costing three million dollars. And then we have a large program in view for our schools amounting to some fourteen million dollars. If you get a chance, to pass on any credits for Detroit at any time, I trust that you will treat us kindly in your recommendation.

PRESIDENT MCOMAS—The Address of Welcome for the local association will be by A. J. Peoples of the Detroit Copper and Brass Rolling Mills, president of the Detroit Association of Credit Men.

THE DETROIT ASSOCIATION'S WELCOME

By A. J. PEOPLES, President Detroit Association of Credit Men

Mr. President, Ladies and Gentlemen:

Our one thought, aim and purpose as we met a year ago was to win the war. Our country went at the task with a will and determination which made one and only one result possible and now, twelve months later, we are about to see accomplished the old prophesy of swords being beaten into plowshares and spears into pruning-hooks. May God grant that it shall be for all time.

Twenty-one years ago when we met in our city for the third annual convention, our armies were in the field and our navy in action and on *this* occasion we hoped and prayed that it would be our good fortune to welcome you to a city of peaceful pursuits and happy reunited homes and we are mightily thankful for the accomplished fact.

We are delighted that the note that shall sound for this convention will not be militant but that we may forget many of the soul-trying experiences of these war-struck years and set our faces firmly to the future, determined to meet courageously the changed conditions which now confront us for we find that peace born of such a conflict has its problems no less perplexing than war.

Our first and most important duty should be to make America American and lead those who are within our borders to a better realization of the true meaning of the beautiful words:

"My country 'tis of thee,
Sweet Land of Liberty."

The experiences of the years we have just passed through have not been without their compensation for we have been drawn more closely together as a nation, as communities, and as an association.

The spirit of genuine sympathy and real good fellowship which comes from close, intimate association and companionship with our fellow men has developed in us a kindly good feeling, adding new meaning to the hand clasp with which we greet each other and it is a rare privilege and great pleasure I have this morning of extending to you, the first peace convention, in behalf of the Detroit association, most hearty greetings and a cordial welcome.

It has been our ambition for quite some little time again to entertain a national convention.

We take no little pride in the fact that the importance of our city as a trade center caught the attention of our National Association so soon after its formation in Toledo in 1896.

It is not improbable, however, that other reasons prompted our national body to hold the third convention in Detroit for I read in the proceedings of that convention from the treasurer's report that there was quite a deficit and to relieve the embarrassment it was necessary to pass the hat. Under such circumstances it would seem most fitting and proper that the convention should be held in the

"City of the Straits."

We welcome you, this morning, to a very much changed city. Twenty-one years ago Detroit was traveling along in a very easy, contented way; she was then famed as a beautiful, clean city with one of the most attractive natural island parks to be found anywhere in the country and with a majestic river passing her doors which has few equals.

To-day, because of what has been achieved within a short period of years, she has earned the title of:

"Detroit, the Dynamic."

We still take pride in our river and beautiful parks and many of the attractions of former years but we have, in addition, a city alive with industry and commerce which is constantly increasing.

In a score of years we have advanced from twelfth to fourth city in population and to-day we begin to resemble the British Empire for the sun never sets on our Ford cars. Our pills and medicine are used by the Hottentot and the Esquimo. On our stoves are cooked the meals of the peoples from the Arctic to the Antarctic. The tape from our adding machines in a single day would encircle the globe. The products of our factories are found the world over and did you notice that the aeroplane which made the successful flight to Europe was propelled by Liberty Motors made in Detroit shops and that one of the men to assist in this epoch-making feat claims Detroit as his home?

We feel that we may speak of these accomplishments without bombast for our growth in commercial importance and population has only been made possible by the contributions made to us by the communities here represented this morning. We have drawn upon our entire country from one Portland to the other and from the Rio Grande to the headwaters of the Mississippi.

The opportunities of our civic, social, religious, educational and industrial life have attracted preacher, banker, lawyer, merchant, mechanic and laborer from the four corners of our country and we are confident that in addition to your list of friends in our organization you will find many others with whom you may renew old and delightful friendships. We hope from this convention will also spring many new and lasting acquaintances and that you will always recall with most pleasant memories the days you will spend in our city as the guests of the Detroit association.

Our meeting here this week in response to the call of our National Association is not for the purpose of pleasure, but we have come together from all sections of this great country of ours to give serious and thoughtful consideration to matters in which we have a common interest and to promulgate policies by which we shall be governed for the months to come.

The demands upon your time for the next few days will be

constantly great and greatly constant. Nevertheless, we intend that you shall not become so absorbed with these matters that you will not take the time to participate in the pleasant features which have been provided for your entertainment.

Our committees have been busy for months and we have looked forward with pleasant anticipation to your coming.

To all that has been provided and to our pleasant surroundings, we truly extend you a most cordial welcome which you will find written on our faces—a reflection of what is felt in our hearts. You are urged to draw upon us for all of your pleasures and there is not a draft upon our hospitality that we shall not honor at sight.

PRESIDENT MCCOMAS—The response to the Address of Welcome from the East by E. P. Tuttle, president of the Boston Credit Men's Association.

RESPONSES TO ADDRESSES OF WELCOME

(From the East)

By E. P. TUTTLE, Boston, Mass.

I know that you will join with me in appreciation of the cordial and hearty welcome which we have received here, and the program as laid out promises that we shall have one of the most enjoyable meetings in the history of our Association.

When I was asked to respond from the East, I had practically New England in my mind, but as I jotted down a few notes it came to me that Michigan was largely peopled originally by New Englanders and for that reason Michigan has been regarded by us of New England in just a little different way than we have regarded the other states where New England people have been less prominent. Between New England and Michigan there is a real kinship. Because of the early settlers of your state, the old New England ideals and ideas have formed a great part in your foundation. As the center of population has moved westward, no longer can you be considered west, or even of the middle west. To-day Michigan practically becomes a part of the east and that doubles the kinship between New England and Michigan. We have heard, sometimes in the past, the east referred to as effete, but by no chance are we going to have in the future the sectionalism that has shown itself in our past. This has been accentuated by the world war in which this country has taken such a prominent part, so that to-day there is no North, no South, no East, no West.

I come from what may be termed the original eastern section of the country and I want all of you to feel, from whatever part of the United States you come, that New England rejoices in your prosperity and whenever you have had adversity, you have found New England quick and eager to respond. New England has given of her capital in the past to help build the great railroads of the west. You will find New England capital in the factories of the south, but far and above and beyond all that, you will find New England men occupying prominent positions in the industrial life of every state in the Union and in this fact we take a just pride. We have sometimes belittled Puritan ideals, but they have given New England an impress that has been reflected in the standing of her

manufacturers so that New England-made goods have enjoyed an enviable reputation not only in this country but throughout the world.

Our secretary has been, from time to time, telling us about the three C's that mean commercial prosperity—Character, Capital, and Capacity. We in New England have three C's. We have Conservatism, and we are proud of New England conservatism. It has helped many times to keep us a little straighter, possibly, than we would have been under some of the expansion acts. And then, because of the conservatism which has been with us from the first, we have Confidence—confidence in the past, in the present, and in the future. And then, based upon these two, we have Courage born of the fact that we have built up and maintained this record, but above and beyond all that, we are a part of these United States. So we like to-day to feel that we can stamp on our manufactured products not "Made in New England," but "Made in the United States" and we hope the time is not far distant when the manufactured products of this country will go throughout the world with that stamp upon them.

Now we are proud of Plymouth Rock. We are proud of Concord. We are proud of Lexington. We are proud of Bunker Hill. But, we feel that our country shares to-day equally in our pride. In a thousand ways our heritage we pass along to you and again I want to repeat that we rejoice in the prosperity of every section. We are glad to see that this country is to have a Navy equal to that of the largest that has ever been known. We want American ideals and ideas encircling this whole globe. As we come here to-day, we from the east rejoice with you and join with you in all the endeavor that made our country stand for the best that there is among all the nations of the earth.

RESPONSE (FROM THE WEST)

By E. W. NELSON, Lincoln, Neb.

Good morning, everybody.

I am sure that you folks will sympathize with just an ordinary credit man who is asked to stand up here and say a few words in response to these splendid welcoming remarks. That is "some job" I can tell you, for just a common credit man. But there is a bigger end to it than that when you receive a gentle hint "not less than nine minutes nor more than eleven," then you have got "some job" I'm here to tell you. The only way I know how to play safety first is to write it down. Possibly I would remember it all, but I am afraid I would go over the eleven, and might go under the nine, so I made sure. I know you will pardon me for referring to the manuscript.

Don't you remember the sweet little song we used in opening the school day way back yonder in the kindergarten days, which we sang so heartily with all the honesty and sincerity of our hopeful young hearts. It ran this way: "Good morning, dear teacher, we're glad to see you."

Mr. President, when we say to you and your splendid association, "Good Morning, Detroit, we're glad to be here," we mean every word of it, just as cordially and sincerely as we did in our early school-day song. We appreciate the cordiality of your greeting as

much as we enjoyed our teacher's cheerful welcome in those care-free, happy, young days.

I have been quite as much puzzled lately as our beloved secretary was some years ago during his visit to our mid-western credit association, when he said, among other things, that he had been unable to understand how the association could operate on such small dues, until he learned that the president was a department store man. Then his riddle was solved.

I can readily understand why our capable secretary should naturally turn to the town which made 16 to 1 famous with its ever-ready and often-defeated presidential aspirant in his desire to secure an orator worthy of this undertaking, but why one so careful as he should misdirect his letter to me, instead of W. J. B., is more than I can see.

Anyhow, we are here to handle our job as best we can; it is some good-sized man's job, too, I can assure you, even to approach a suitable response to Detroit's splendid welcome and hospitality. It is well, for several reasons, that the task has been apportioned to two of our members and that our territory has been evenly divided. For one thing, you were assured in advance that this responding job would be well done by one member of the team, as you have just seen and heard in the splendid response of our friend from Boston.

We speak in large terms, Detroit, when we tell you that the credit associations of the west, from New Orleans to Seattle, from San Diego to Duluth and from San Francisco to Chicago, are one and all most cordially united in expressing to you their earnest appreciation of your splendid hospitality and your cordial greetings.

We all love to hum and ponder over that good old song which runs in part:

"'Tis in deeds we serve the master, words are idle empty prayers; all our Christian life a pretense if the deeds are wanting there."

Fellow credit men, may not our deeds better express the warm appreciation each of us feels for our welcome here than any poor words I can say. Let us firmly resolve on this opening day of our convention to take a careful inventory of our individual selves, and work, as credit men. Then, let us check and re-check this inventory carefully from hour to hour, as our program proceeds, making an honest effort to set upon ourselves such a just and humble appraisal that the great lessons offered here will find ready lodgment in fertile soil, so that we shall return to our various desks much safer, sounder and better credit men, more fully prepared to meet the great responsibilities of our position than ever before.

Nay, more, let us attend every session and every program so faithfully and take notes thereof so carefully that we shall be able to say to the head of our house, "I am just home from the Detroit Credit Men's Convention, and will be pleased to report to you and the board of directors at your convenience upon many important items discussed and considered there. Some of these can doubtless be put into immediate use in our own establishment, and many others are worthy of your careful consideration in shaping our future policies."

Such a report will convince your house that your Detroit trip has produced good immediate results in its own business, and that the National Association of Credit Men is engaged in a wonderfully important work for upbuilding and safeguarding sound business on a basis of fairness, good will and safety to all concerned.

By these deeds, Detroit, we shall express to and for you a lasting and valuable tribute of our appreciation of your hospitality and helpfulness during this convention. Fellow members, shall we express our appreciation in this useful and practical manner? Of course we will.

PRESIDENT McCOMAS—When a man comes into an office such as I have been elected to fill, he always sits down before or after he has been elected, generally before, if he knows he is to be elected, and thinks out a few things that he would like to do, and one of the things that I had a particular ambition to do was to make this convention as free and easy and comfortable for members and visitors as could be, taking into consideration as much discomfort as the chairman could stand in trying to keep the Association in order. In other words we hope to have plenty of time to allow our budding orators to come to the top and relieve themselves of the brilliant ideas that they have carried on their chests for the past year. And so, those who have oratorical ability for this convention, please get a bottle of vaseline and swab out your whistle and get ready for a fine convention because we are all going to have plenty of opportunity to vent our ideas.

One of the plans was to cut short the reading of reports. In fact, you will find, when you get on the convention floor that there will be no reports read with the exception of a portion of mine and possibly a portion of the secretary-treasurer's. I wish particularly to impress upon you that we want to get away from tedious things. We want to give you the reports and yet we want to give you plenty of opportunity to discuss these reports and not feel that you are crowded for time. With these few remarks I will ask your indulgence for just a moment while I read just a portion of my report.

REPORT OF THE PRESIDENT

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Twelve months have passed since you reposed in me the confidence and esteem that shall always be prized.

During this period some of the greatest events of the world's history have happened, and in our national life a chapter has been written that shall never lose its lustre so long as man loves humanity and freedom.

A year ago our troops faced what was supposed to be the greatest fighting machine ever built. The whole world waited for the clash. Then came Château-Thierry, then the battle of the Argonne, then the armistice. It thrills us to review the wonderful and extraordinary events of this brief period, and we are prouder than ever of the nation's manhood, of its traditions, and of the flag that has never gone down to defeat.

Using the victory won by our boys is the nation's great problem to-day, and because of its effects on the economic structure of the world, we credit men must take account of these great deeds, and wonder what the new era may be to the peoples of the world.

More will be expected of us than in former days. Far distant nations geographically will be just as near to us as were the states of our country but a few years ago. The superstructure of business that will be built upon credit causes us to ponder with wonder and amazement over the possibilities of the future.

With great admiration and gratitude to the manhood of the nation, with thanks to a great God who designed and preserved us for this great adventure, we must admit the efficient part played by credit in the winning of victory.

We must also recognize that the credit so splendidly expressed and used could not have been marshaled and controlled with a machinery less scientific and adequate than our Federal Reserve System.

Looking back upon earlier years, when the National Association of Credit Men advocated and fought so consistently for a new and adequate banking and currency system, we believe the accomplishment of this desire and the consistency and unselfishness of our effort formed one of the prized chapters in the Association's history.

You can appreciate what a pleasure it is to say without overstatement and with humility that the year just closed has been one of the most successful in the career of this organization. I should like very much to mention with praise and gratitude every one who contributed to the history of this year, but the limits of this report prevent, and I can but rapidly speak of the various departments of the Association and every one concerned in them who has done his best will recognize that I am offering my sincere thanks as well as my cordial congratulations as the Association's President.

MEMBERSHIP

F. M. Couch of Los Angeles has established a record in the membership department to which all of us must bow.

The charter members of the organization never believed for one moment that it would reach such large proportions as it has within a generation, and though it was the thought that 25,000 might be expected at our twenty-fifth anniversary in 1920, yet through the wonderful activities of former committees and the devotion of the present committee and its chairman, we are offering to this convention a membership exceeding 29,500.

ADVISORY COMMITTEE

The Advisory Committee on War Taxes has performed a notable work, going at its task under the leadership of R. G. Elliott of Chicago in a very intelligent way, and for the purpose of injecting equality into the Revenue Law of 1919. Nine of its eleven recommendations for the amending of the House Bill were accepted by the Senate Committee and finally allowed. The relation of taxes and commerce is an important one, and our Association has done well to give the subject very critical and patriotic study.

COMMITTEE ON COMMERCIAL ECONOMY

The Special Committee on Commercial Economy, under the leadership of Vice-President Burnett of Newark, has framed and sent out some excellent messages for the cutting down of needless costs. Its announcement on how inventories should be taken has had a splendid effect, and been accepted generally in the commercial field.

COUNCIL ON CREDIT DEFENSE

The Council on Credit Defense, under the leadership of W. F. H. Koelsch of New York, has gone into credit and commercial situations where misunderstandings or defects were apparent, and made announcements of encouragement to the nation and pointed out how the integrity and stability of the credit structure might be maintained. It would appear that real wisdom has controlled the men serving on these committees, and we are grateful for it.

PUBLICATIONS OF NATIONAL ASSOCIATION

The publications of the National Association have been maintained at a high standard, and everywhere there is evidence of the results of the good messages contained in the Bulletin, the Monthly Letter and leaflets issuing from the National office, and we will record our thanks to Assistant Secretary Orr for his personal work as manager of this department.

Because of readjustment conditions, we were not able to record a very active year in the legislative field, but a number of state committees were in action and resulting from their efforts the chairman of our Committee on Legislation, J. H. Weer, will offer a most interesting report.

BANKRUPTCY LAW

In the field of the bankruptcy law, your committee has studied carefully the need of further amending the act, and through its chairman, Mr. Belcher of St. Louis, will offer a constructive report.

ADJUSTMENT BUREAUS AND CREDIT INTERCHANGE BUREAUS

The Adjustment Bureaus and Credit Interchange Bureaus of local Associations of Credit Men have performed an economic and useful service, and we urge for these departments the unstinted support of the membership.

INVESTIGATION AND PROSECUTION DEPARTMENT

The Investigation and Prosecution Department has rounded out an unusually active year, with results that form a fine report, which you are to hear from the committee's chairman, Freas Brown Snyder of Philadelphia; and there are due these gentlemen, the manager of the department and the dean of its investigators, C. D. West, our very sincere thanks.

The desire is very great to mention other committees of the National Association, the chairmen of which have been devoted in their labors, but time forbids and I must pass on with this brief token of appreciation and tell you that situated as I was, many miles from the home office, it was only possible to keep in touch by correspondence, and I wish particularly to thank the Secretary-

Treasurer and his staff for the courteous and efficient manner in which all of my inquiries were answered.

Perhaps many of those present do not realize the magnitude of correspondence that comes to the Secretary-Treasurer's desk during the year, but you will bear testimony with me that all letters are courteously and intelligently answered. In addition to this, the Secretary-Treasurer, during the last year, traveled 25,000 miles by train, called on over sixty associations throughout the country and spoke to over 15,000 people.

I bespeak for you a very careful hearing for the reports that will be offered, the gentlemen who are to address you, and at the opening of this, the twenty-fourth anniversary of the National Association of Credit Men, would look forward with an optimism that betokens for it a place in the life of the nation and its domestic and foreign commerce, and a conscience in the dealings of men with one another that justified the getting together of the small body of men who in 1896 organized the National Association of Credit Men. I own to feelings of gratefulness for the consistent support and esteem of my fellow officers and directors, for the very earnest way in which every one apparently has endeavored to make my administration a success.

I have taken pleasure in doing the work of the office to my best abilities, and serving an organization that has meant so much to me.

PRESIDENT MCCOMAS—The next is the report of the secretary-treasurer, J. H. Tregoe.

MR. TREGOE—I claim the privilege at your hands of repeating the history of the last four conventions by not reading my report. It is published in pamphlet form. You all have copies and I merely ask of you a careful reading in order that you may know what the secretary-treasurer has had to say to you about the year's work.

We have had a wonderful year, men and women, a wonderful year, and it has been brought about by the devotion and great care exercised by the men whom you have selected for your officers and directors. They have kept a watchful eye on the National office. They have been willing, always, to give me their best advice, and we present to you, and do it with much gratification, the best inventory our Association has ever had.

Four years ago Mr. Orr and I hit upon the slogan, "Twenty-five thousand on our twenty-fifth anniversary" and we were putting it on our letterheads, and to think that this morning, on our twenty-fourth anniversary, we can offer you the magnificent total of twenty-nine thousand five hundred and forty-two.

It has been a gratifying year and now for the Treasurer's report, which I beg you to read carefully. We are happy this morning, in your behalf, to be the owner of forty-one thousand five hundred dollars of the Liberty Loan Bonds and the Victory Notes. (Applause.) In addition, we have a bank balance of about sixteen thousand dollars, giving us a total of fifty-eight thousand dollars now at your command, but of that sum we have transferred six thousand to a reserve account as against the extraordinary expenses of this year for some departments and the membership directory, and we show a permanent surplus of about fifty-three thousand dollars. You have reason to be happy, because we have had such a wonderful

time together and if we go through this convention with the success that we expect, how we will rejoice and thank the great Providence for making us, as I believe he has, the great power we are.

REPORT OF THE SECRETARY

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

The accumulation of experiences from year to year should increase, naturally, the powers of the National Association of Credit Men to serve and yet, irrespective of this natural progression, there is much in the Association's powers and the character of its services which reflect a little more than the natural increase and should fill us with gratitude that each annual inventory seems to be a little better than the former. We are permitted without stretch of fact or imagination to say that we have just closed the most productive and significant year of the Association's history.

The chief objectives of the Association were not clearly marked at its inception twenty-four years ago, but there has come an illumination of possibilities and ideas that is never sacrificed, and the twenty-fourth anniversary of the National Association of Credit Men finds it with a strong manhood, a wonderful ability for service, a recognition of the country's great needs in the commercial field, and a willingness to strive with unflinching energy and fearlessness that the relations of men with one another in credit transactions may be featured with a good conscience, a sense of justice and a fairness that give stability to trade and increase the powers of the nation, both at home and abroad, to produce and distribute with economy and success.

The history of the year just closed, if narrated in detail, would occupy much more space than is reasonable for your secretary to utilize in his report to this convention; therefore the narrative must be general and much that is omitted filled in by the imagination of its readers. Close students of the organization know this can be done without restraint. During the war period, when the unreserved patriotism of our people was so important in carrying forward the greatest war program ever undertaken by a nation, we considered it wise to feature patriotism at public meetings, in our forms of service and publications. A true estimate of what was accomplished by our efforts along this line is impossible, but we were inclined to rate very high the responses of our organization to every need of the nation, financial and moral, and no word of criticism can justly be laid at our doors for failure to meet and realize every possibility in this field of public and private effort.

Credit played such a large part in the winning of victory that helping to keep the credit structure stable and sound was no mean part for an organization to play, and when November 11, 1918, brought the signing of the armistice and the great rejoicing of the nation, we naturally felt happy through our organization and fully compensated for every effort and sacrifice that had been made toward this end.

Certain economic problems, such as the movement of prices, the liquidity of credits and the social unrest brought home very forcibly

the need of speaking directly and unflinchingly to the public about these subjects so that traffic in the commercial field might be kept moving and the nation saved from expensive blunders. An especially organized Council on Credit Defense, growing out of a resolution of the Chicago convention, divided into several units, gave special study to these matters, and there were brought out as a result of their studies several pronouncements which proved to be economic, sound and helpful messages to the country at large.

Your Committee on Commercial Economy performed a very useful service in studying what might be regarded as small matters, but in the total great burdens on the nation, and its pronouncement on the proper taking of the inventory received wide distribution and proved effective in correcting some improper ideas on this subject. For several years the Association had been studying the merchandising field for the purpose of discovering how extensive was the practice of conducting business enterprises without books of account, a practice always unsafe even though disaster may not always follow. Believing that a large proportion of the bad-debt loss could be traced to this defect, the chairman of the Credit Department Methods Committee, H. Uehlinger of Brooklyn, put his hand, with some efficient aid, to the preparation of simple exposition of the principles of an accountancy system that could be utilized by any enterprise, but especially it is intended for the trader or contractor who has no bookkeeping facilities.

The result of this effort, known as "A Business Enterprise," spoken of specifically in the report of the Committee on Credit Department Methods, is to give us a guide which should help cure, in a great measure, a chronic weakness in our commerce, and we regard its production as one of the notable events of the year.

Not long since your secretary thought this would be an excellent slogan—25,000 on our twenty-fifth anniversary. You can appreciate how far his anticipation has been surpassed in the membership field when the twenty-fourth anniversary finds the Association well over the 29,000 mark. Words are inadequate to express the appreciation we should feel for the unselfish activities of Mr. Couch of Los Angeles, chairman of the Membership Committee, whose untiring perseverance and human spirit have won attention in every direction and met with a response that places his work well in the lead of former years.

The Membership Department will require systematic study in the department installed in the National office under the direction of B. C. McQuesten, which has demonstrated its value during the last year and which will have an important work to perform in observing the membership and promoting plans and facilities for its coordination, its continuing interest and its gradual increase from year to year.

The Credit Interchange and Adjustment Bureau Departments have been subjects of careful study, and the installing of a field representative, E. B. Moran, for the Credit Interchange Department, promises beneficial results and a coordination of principles, local and central, that should increase the value of the service and encourage its extension.

A similar arrangement has been advocated for the Adjustment

Bureau Department, but that is not immediately available, and with the sincere interest and cooperation of the managers and a form of publicity that will point out the economic value of adjustment bureaus, there should be an increasing support of them among the general membership of the Association, and your secretary believes from his own observation that the control and supervision granted to the Board of Directors for these departments has demonstrated their value, and a careful and complete execution of the powers granted will be welcomed generally by the managements of bureaus and the members using them.

The Investigation and Prosecution Department, it is a great pleasure and satisfaction to say, has proved one of the most beneficial and valuable from a sanitation standpoint ever encouraged or installed as a service of the National Association. From very modest beginnings there have developed lines of activities requiring the almost undivided attention of a manager with an increasing number of assistants and a corps of investigators, the chief of which, C. D. West, has demonstrated unusual facilities for ferreting out commercial crime.

Every effort and dollar expended on this department has, in the sincere estimation of your secretary, produced dividends. Not alone offenses of greater or less magnitude have been ferreted out and a number of notable convictions obtained, but the deterrent effect is incalculable, and we should look upon the department with gratitude and pride.

The chairman of this committee, Freas Brown Snyder of Philadelphia, has been most unselfish in his devotion to the supervision of the work and in forecasting the future, with increased demands and a largely increased budget, an earnest appeal is made for the substantial support of local associations, so that while it is dependent upon voluntary contributions, the department may have no diminution of its efforts or inability at any time to meet calls which justify immediate and unreserved action.

Some time in the future, and perhaps in the near future, when the associations recognize the economic importance and productive value of this department, there will be given to it a fixed income in the way of an annual per capita assessment.

One of the significant events of the year was the completion of plans for the National Institute of Credit, as authorized at the Chicago convention, with the preparation of a Reading Course on Credits and Collections. While for the reason that so many activities prevailed during the year the committee in control, with its chairman, D. E. Golieb, and his close advisors, could not make a nation-wide appeal for local chapters of the Institute, they were organized in four association cities. The department promises big things in the credit educational line, and an encouragement to commercial education that the country needs and if permitted, will be felt in the building up of its youth for successful commercial enterprises.

With the induction of an Educational Director in the National office, an assistant which your secretary feels is necessary if the department is to receive adequate attention and proper assistance is to be given to the Committee on Credit Education and Manage-

ment, the movement will grow rapidly and much may be expected of it during the present year.

We have felt strongly that a Department of Credit Research should be installed in the National office for the purpose of giving a new form of service. No association is better qualified than ours for the assembling of credit data as it relates to currents and trends in the commercial field, and a Credit Research Department under skilful management would assemble information and be in a position to advise members about nation-wide conditions and provide against unfavorable currents in a manner that could not be exceeded or even duplicated by any commercialized service of this type now in this field.

We must speak hurriedly of the Legislative Department that has had an interesting and rather successful year in the face of peculiar conditions; of the Mercantile Agencies' Service Department, in which useful service has been rendered; of the Business Meetings Committee, which were generally well attended and of interesting types; of the Fire Insurance Department, where the methods of prevention and reduction of fire waste have received careful study; of the Foreign Credit Department, where pressing needs of foreign credit granting facilities have received thorough study, with a possibility of organizing a Foreign Credit Interchange Bureau; and of other departments which, all joined together, make a splendid history and an inventory that we are proud to offer at this convention.

This report could not be brought to a fitting close without words of appreciation for the devotion expressed by your president, Mr. McComas, to the affairs and interests of the Association. Never was he found lacking when appeals were necessary or important matters referred to his consideration. There was always an unflinching courtesy which made our work pleasant and created an appreciation generally in the National office. The directors, as a body, were invariably thoughtful of the Association's welfare and took a genuine interest in its activities and problems; and the Advisory Committee, under the chairmanship of Curtis R. Burnett, and the Finance Committee, composed of F. H. Randel and James E. Porter, were always responsive and gave every form of assistance and advice asked for by your secretary.

The chairmen of committees gave unselfishly of their time, and during a year when so much was required for their individual tasks. The Association as a whole must thank these men and their associates for the character and courtesy of their services.

The office staff was unusually cooperative, enabling your secretary to remain away many days from the office visiting the local associations and attending state conferences; and to Assistant Secretary Orr and to Mr. McQuesten special thanks must be given for their cooperation; and to Mr. Williamson, who for more than a year substituted for Mr. Henderson, in charge of the Investigation and Prosecution Department.

The state conferences were most successful. Twenty-two of them were held during the course of the year, covering thirty-four states, and a continuation of these annual events is recommended with a degree of interest and attention in arranging for them which

will result in attractive programs and an attendance justifying the effort.

The three members of the office staff who went into the nation's service, Justin Henderson, E. B. Moran and B. B. Tregoe, have returned after acquitting themselves well and obtaining promotions which reflect credit upon their devotion and patriotism and the organization they represented.

Very humbly, yet sincerely conscious of the sympathetic support from the officers and directors of local associations, and from the membership at large, your secretary expresses his sincere thanks for all and the privilege he has enjoyed in serving you.

REPORT OF THE TREASURER

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your treasurer is pleased to submit the figures of Income and Expenditures for the current year, ended May 31, 1919:

INCOME

From Local Associations of Credit Men	\$83,857.60
From Individual Members of the National Association	8,545.64
From the Sale of Credit Inquiry, Financial Statement and Trade Acceptance Forms	14,763.14
From the Sale of Publications	5,177.49
From the Sale of Bulletins	723.15
From the Sale of the Diary	11,581.42
From Interest on Investments and Bank Deposits	1,389.36
From the Sale of Advertising Space in the Bulletin	2,879.78
From the Credit Reading Course	657.40
From Sundry Items	354.96
Total Income	\$129,929.94

DISBURSEMENTS

Salaries of Secretary and Two Assistant Secretaries	\$22,083.36
Salaries of Employees	11,382.35
Salary of the Assistant-in-Charge and Expenses of Membership Department	3,768.51
Traveling Expenses of Officers	2,291.63
Directors' Meeting and Expenses	3,830.68
Expenses of the Various Committees	3,923.33
Rental of Offices	3,412.50
Stationery and Supplies	2,086.23
Cost of Printing Publications and First of the Month Letter	4,849.75
Cost of Printing Credit Inquiry, Financial Statement and Trade Acceptance Forms	12,534.40
Cost of Printing Diary	7,657.44
Cost of Printing Bulletin	20,354.56
Legal Fees	250.00
Cost of Postage	1,819.39
General Office Expense	3,320.23
Cost of Convention	2,862.07
War Emergency	1,684.06

Equipment and Furnishings of New Offices	1,042.37	
For Publicity and Membership in the National Chamber of Commerce	700.00	
		<u>\$109,852.86</u>
Total Surplus for the Year		\$20,077.08

SPECIAL APPROPRIATIONS

Brought Forward Total Surplus for the year		\$20,077.08
For the Washington Bureau	\$2,200.00	
For the War Tax Advisory Committee	1,891.58	
For the Credit Interchange Bureau Department	2,362.36	
For the Investigation and Prosecution Fund	2,500.00	
For the Credit Education Department	1,128.73	
For the Account No. 2	1,000.00	
		<u>11,082.67</u>
Total		11,082.67
Net Surplus		\$8,894.41

RESERVES

Membership Directory	\$3,000.00	
Credit Education and Credit Research Department	3,000.00	
		<u>\$6,000.00</u>
Amount Transferred to Permanent Surplus..		\$2,994.41
Add Surplus as of June 1, 1918		49,224.02
Total, Including Reserves as Set Up		\$52,218.43

The funds of the Association are divided as follows:

In the American Exchange National Bank	\$16,718.43	
In Liberty Loan Bonds and Victory Notes	41,500.00	
		<u>\$58,218.43</u>
Total		\$58,218.43

The high cost of living has gripped even an enterprise like ours and is prominent in the items of the foregoing statement where human labor and materials are involved.

When forecasting the year's budget, as submitted to and approved by the Finance Committee of the Board of Directors, there was every disposition to give sufficient latitude for an active year and every opportunity for reasonable expansion. The budget allowances were not reached except in the labor and supply items and no human powers could conceive the conditions that would exist here, and provision ultimately had to be made according to their upward trend.

The spirited bidding of the government for proficient clerical service was something that had to be met, and, in order that the machinery of the National office might run with the customary smoothness and service given in the proper form and manner, certain bonuses were allowed the employees of the office, which comprise almost entirely the War Emergency item in the expenditure column. It is a pleasure for your treasurer to say that loyalty existed with his staff and no changes occurred because of the competition. It is a gratification to speak of this in the treasurer's report and to know that during the most active and significant year

of the Association there was a response from the office staff and no shrinking when calls were made or opportunities offered in other fields.

The cost of the Bulletin reached a figure that far exceeded the budget allowance, and yet could not be reduced. Assistant Secretary Orr watched this item very carefully, but no opportunities offered for a reduction of the printing cost, and this item in the year's expenses looms up large. However, it was thought wise by your Treasurer to meet the increasing cost rather than to decrease the character of the Bulletin, in which judgment he hopes to have the approval and support of this convention.

It will be interesting for the convention to know that the income of the National Association has increased more than 100 per cent. in seven years. The sale of Credit Inquiry, Financial Statement and Trade Acceptance forms increased during the year through the efforts, largely, of the Publicity Department, and the publications of the National office were used in larger quantities than ever, resulting in a flow of income into the treasury which brought the total of the year to a very favorable figure and permitted a surplus that exceeds the surplus of any former year.

Therefore, on the whole, we are to be congratulated for an ability to render such a favorable financial report under the very trying circumstances of increasing costs, and that the Association possesses a net surplus of liberal proportions, making it safe against any possible emergency.

Your treasurer has always felt that the National Association should have a permanent surplus of at least \$50,000, and when this sum was reached the income of the Association used for the service of its members.

It is creditable and a matter of pride to know that the Association has in its possession, and for its permanent fund, more than \$40,000 of five public loans, and for this fund and the Investigation and Prosecution Fund possesses a total of \$56,500 Liberty Loan Bonds and Victory Notes.

The increasing demand for service has required an increase of office space—a process that has been going on from year to year which is reflected in the income and expenses of each year. Beginning with May 1 additional office space was leased in order that certain departments of the office should be comfortably housed and to provide also in anticipation for the induction of the Credit Education and Credit Research Departments, which are logically and seriously needed as new departments of service in the National office.

The greatest care has been exercised by your treasurer in expending the year's income in order that all expenses might show the proper return. In no period did he feel it wise to limit expenditures when opportunities for service presented and adequate compensation promised. He doubts sincerely that any similar association expends its funds more wisely than does our Association, with its spirit of economy and under the observation always of the Board of Directors represented in a Finance Committee.

Certain reserves were set up by the authority of the Advisory Committee of the Board against expenditures of the coming year

in order that there might be a distribution of cost over two years rather than that the entire cost should be charged against the income of one year—a wise and judicious plan.

When considering the incomes of former years and comparing them with the income of the past year, members will discover that providing for the legitimate needs of the organization and expending its income wisely require a larger degree of thought and care than ever before, and while a very simple accountancy system has been required up to the present for the keeping of the Association's financial records, yet in the spirit of progress that is marking other departments of the organization there will be installed at the beginning of the present year fuller records, so that at future conventions more detail can be given about the cost of conducting each department of the National office, paralleling in a measure the methods used by business enterprises for the calculation of department costs.

We have reason to feel grateful for our present financial condition, the increase of membership and service that are reasons largely for it, giving thereby wider and better opportunities for the Association to do its very best and exercise its influence and powers for the preservation and stability of our credit structure.

PRESIDENT McCOMAS—I remember a convention which I attended with a great deal of interest, that held at New Orleans about ten years ago. Others probably who are present here attended that convention, and we remember the man who presided over that convention. We remember with what dignity and grace and gentleness he presided over the deliberations of those sessions. I believe that we all formed a friendship for him and a love and an admiration that has gone with us on through the balance of the years of our lives. I often think of him as an ideal presiding officer because he did not thrust his personality unnecessarily upon the deliberations of the convention. He has come to-day to address you upon a subject which we all are interested in, and with which we have the greatest sympathy. I will ask ex-President McAdow to address you.

MEMORIAL TO FRANK M. GETTYS

By F. H. McAdow, Chicago, Ill.

Mr. President, Ladies and Gentlemen:

When it became known that Frank Gettys was ill, there was universal regret among his host of friends in our Association; but few, if any of us, perhaps, realized that this illness was serious, or that it could be dangerous to a man of his age and of such splendid physique.

The news of his death was, therefore, a shock, and I am sure that all of our members who knew him, or who had served with him in past years, realized at once and fully the great loss which our Association and the business world has sustained.

He came to the presidency of the Association at a time when the then secretary (Mr. Meek) was beginning to plan intensive work for the officers and directors in visiting local associations.

Many of us will recall the loyalty, enthusiasm and devotion with which Frank Gettys responded to this new duty. It was always a pleasure just to be with him in this work. He was always ready and willing to go, no matter how long the trip; and those who served with him then will never cease to realize what a source of strength was found in his warm, magnetic personality, his resourcefulness as an adviser, his promptness in decisions, his breadth of vision, his readiness to *undertake*, which made him seem like a human dynamo, and the eager, rejoicing strength with which he met every call to service.

It seems to me he was always happiest when he was doing some favor for some one else. Indeed, I think this was his outstanding characteristic, and it made of him the type of man whom other men loved for his warm and generous impulses.

I will never forget the few earnest and sincere words he spoke in handing me the gavel at the time I succeeded him as president at Philadelphia. He said: "All the official acts and duties of my administration have been pleasant ones; but no one of them is more pleasant than to now place in your hands this symbol of your authority as the new leader of our Association."

The words, natural and unaffected, seem to come from his heart, and they gave me immediate courage and inspiration for the work which I knew lay ahead of me.

His does not seem to be a finished life, but perhaps, because of his very intensity, he has accomplished more in forty-six years than many of us would do in twice that length of time.

We do well, therefore, to pause for this brief space to consider again his work among us, and to take new inspiration from his achievements and his loyalty.

He leaves many friends who will

"Long for the touch of a vanished hand,
And the sound of a voice that is still."

And who will sincerely join with us in placing this wreath of immortelles to his memory.

And now I wish to present a memorial resolution that our feelings may be at least partially expressed in the records of this convention. It is as follows:

"God's best gift to any people is a strong and upright man." That is the gift that was given Louisville, that was the gift that was given the National Association of Credit Men in Francis McKelvin Gettys, whose death took from among us one who served this Association as its president for two terms.

When elected in 1907 he was one of the younger group of credit men but his administration won the unanimous approval of every Association interest.

Francis McKelvin Gettys possessed in high degree the marks and traits of a leader—a commanding figure physically, genial in countenance, cordial in manner, with a voice that rang deep and clear and true and a heart that was generous in its going out to the men about him. His speeches, several of which have taken their place in the records of the Association, always had a strong appeal, characterized, as they were, by great simplicity and almost quaint-

ness with here and there a glimpse into those scriptural passages with which he was unusually familiar, and the use of which helped in giving his public utterances always a warm, human appeal. Truly, Francis McKelvin Gettys was every inch fitted to lead the National Association of Credit Men.

His early life was spent in the field of manufacture, where he chose the credit side; and drawn to it by chords of deep interest he later went into the banking field, where his splendid credit abilities had fuller play and where he rapidly attained in his new sphere to positions of trust and responsibility that many a man would have taken years longer to have reached.

The credit world, the Association, each one of us has lost in the death of Francis McKelvin Gettys; but his memory is a precious heritage to the Association; his name will ever stand high in the memoirs of our great organization as one who helped build an enduring structure in our commerce."

Mr. President, I move the adoption of this memorial resolution. Motion is seconded. Carried standing.

PRESIDENT MCCOMAS—When Frank Gettys was president of this Association there was one who served many years as secretary-treasurer, Charles E. Meek. I asked Mr. Meek to make a few remarks at this time, but unfortunately he is not here and so I want to say to you that I regret much, and I know you all regret, that Mr. Meek could not have been here to have voiced his sentiments for our late president, Frank Gettys.

There is with us to-day another ex-president, one whom you all no doubt remember. It was only at Kansas City that he was your presiding officer and you were so pleased with everything that he did. But to-day he has a sad mission to perform. I wish to present to you ex-President Harry G. Moore.

MEMORIAL TO FRED R. SALISBURY

By HARRY G. MOORE, Peoria, Ill.

There is one lady whom we miss from this gathering. She has honored us and graced our meetings many times and in her absence, and in memory of Fred R. Salisbury, Mrs. Salisbury sends us these flowers as a memorial. In my mind, these flowers, in their God-given design and fragrance, are no more beautiful than the character and spirit of Mrs. Salisbury.

This is a third time that I have been privileged to bring before this presence the name of Fred R. Salisbury; first, when I was honored to nominate him in Boston in 1912, next when I proposed that message of sympathy to him in his illness, which we forwarded from Pittsburgh, and now this morning, as it were, to close the leaves of the book and once more mention his name, the name of our friend, Fred R. Salisbury.

I thought the other day of that Boston convention and I thought of the fact that my good friends in Kansas City asked me to run for president at that time and when I arrived there I understood that Mr. Salisbury would be a candidate, so I said: "Boys, there is nothing doing, Fred Salisbury is entitled to it first," and then and

there I have always felt that I was privileged to enter into a very intimate friendship with that very dear man. How do you suppose I felt the other day when I thought of my privilege in coming before you this morning to say these words, when I thought that no act of mine had hindered his brilliant rise or rewards, and once more I concluded then, as I have often concluded, that it always pays to give the other fellow a generous deal.

It would be impossible for me to find adequate words to express to you at this time my esteem for this man. If you had traveled with him as I have, had been as closely associated with him as I was, had sought his wise counsel as I did, then you could understand more fully that there is very deep sorrow in my heart this morning when I realize that my friend has passed beyond. He was born on the 18th of January, 1861, and died on the 16th of October, 1918. He was associated in business with his partner, Mr. Satterlee, for thirty-eight years, and I wonder if you and I can imagine what pleasant relations so long sustained meant both to him and to Mr. Satterlee. I wonder, also, if any of us, you or I, could ever be associated so long in business with another man and speak as tenderly, as lovingly and respectfully of his partner as Fred Salisbury did; then we shall have accomplished a very high accomplishment.

I got out my old speech book the other day, the one I used to carry around the country, and in that book, in order to see the dates of Mr. Salisbury's nomination, I came across my speech at Boston. May I just read you portions of it, just a few words in which I tried to portray that man, for he lived up to the ideals I there credited him as having.

I tried to draw, in my feeble way, the picture which he painted so well in the memory of us all. I said: "Had you attended the first annual convention of this Association, held in my far-away city, you would have seen active then, as now, in the life of this Association a man of whom I shall speak. Of towering stature, of strength beyond the average man, you would have discovered then, as since, that he was never thoughtful of himself, but always considerate of others and devoted to the interests of all. It has been said that this Association has been a developer of men, men who have builded and guided this Association, men of courage in action, conservative men of accomplishments, sincere in their performance of duty, men of wisdom and foresight such as have always been at the front in our work. We feel that as this Association has broadened and expanded, such men as my good friend have been instrumental in maturing it. For this reason he is most able to assist in the future development and in enlarging the future in which we must share; a man who was honored by his state and by his city for his service, a factor in every civic, commercial and forward movement for the advancement of his own city, or the betterment of his fellowmen; a citizen of whom any city might well be proud." I presented at that time a man among men, and one whom I felt was honored in the acceptance of our presidency; and now the story has been written, the story has been closed, and the page has been turned, but I do not believe that the story of Fred R. Salisbury will ever be closed so far as this Association and its work shall last.

I was privileged the other day to see a picture of a machine in Washington upon which there was recorded the picture of the end of the war. It was one of the scientific instruments used in this war which recorded the sound waves of the cannonading, by which we were able to locate where the various batteries were located. It recorded, on the day of the Armistice, eleven fifty-seven, fifty-eight, fifty-nine, and finally twelve o'clock, when the detonation stopped and that one straight line—for the war was over. But it seems to me that as long as commercial interstices shall continue and this great Association shall progress, as progress it shall and must, there shall be before us at all times the waves of the sound of Fred R. Salisbury's work and those results which have come as a part of the rewards of that efficient service which he rendered us so long and faithfully. What a great and mighty hand-clasp he had! What a frankness there was in his smile! What a heartiness and sincerity at all times! What a great, pulsing heart God Almighty gave him in his manly bosom! What a dependable friend he was! Such wisdom there was in his counsel, and what a manly man's man he was! What a merry twinkle in his eyes, what boyish laughter in his voice! And, gentlemen of the convention and ladies, I offer for your consideration the following resolution:

"The coming in and the going out of a human life is one of the mysteries of the Great Providence, and without ability to understand or interpret we alone can bow in submission as the Lord giveth and the Lord taketh away.

"The span of a human life when unfolding years of genuine manliness, a character so lovable that friends are easily made and with difficulty lost, a wise judgment that forms and a fearlessness that executes, must be looked upon with gratitude when given and with sorrow when called into the Great Beyond.

"Fred R. Salisbury, for many years a citizen and merchant of Minneapolis, an officer and member of the National Association of Credit Men, furnished such a life, and this convention records its warm gratitude that the strength and yet simplicity, the fearlessness and yet tenderness of his character were permitted to play a prominent part in the shaping of the Association's affairs, and grief that such a life was closed and this friend and adviser no longer in its midst.

"To his companion of many years, the inspirer of his very best, and to his children are the sympathies of this convention sincerely extended and a thanksgiving felt for a life so wisely spent."

Mr. President, I move the adoption of the resolution.

Seconded.

PRESIDENT McCOMAS—You have heard the resolution and the second. What is your pleasure? Are you ready for the question? All in favor signify by rising.

For Mrs. Salisbury my wife and I have formed a deep attachment. Last night I met Mr. Salisbury's son in the lobby and he said: "Mother wished me to hand you this card." It was a very simple card. I will read it to you, but I think it shows what a beautiful, sweet, simple life Mr. Salisbury and his wife lived: "To you, my

dear friends, in memory of him who loved this Association of Credit Men. Mrs. F. R. Salisbury."

And now I am going to ask you to stand in your places and listen to just a word regarding Mr. Salisbury from ex-President Charles Joyce.

MR. JOYCE—Since the organization of this Association, nearly a quarter of a century ago, no man has held it up to higher ideals than our dear friend in whose memory we now stand with bowed heads to pay our last sad tribute. Only a few short months ago Fred R. Salisbury answered that one clear call from the great giver of all life. For him there was no sadness or farewell. The death of this loving husband, devoted father, kind, generous and loyal friend, leaves deepest mourning, but our grief is mellowed with such tender, happy recollections that we will ever treasure his memory and his friendship as things sweet and holy.

Fred R. Salisbury typified in his lovable personality the finest and the best, the real and the true, the things that make life worth the living. At this annual meeting we miss him. We miss his welcoming smile, his hearty greeting, his valued thought and his sympathetic interest in our work and welfare. The bowed heads, the saddened hearts, the serious mien of this large gathering pay a wonderful tribute to the memory of him we mourn—a tribute, my friends, far more touching, far more sympathetic than the spoken word. It is the desire of this audience, of this large representation, all, or very many of those members of this organization who were close personal friends of this dear man, to send out from this meeting to that stricken home some message which may lighten the sorrow there and we say to them:

"Love will dream and Faith will trust
Since He Who knows our need is just
That somewhere, somehow meet we must.
Alas, for him who has never seen
The stars shine through the cypress trees,
Who hopeless, lays his dead away,
Nor looks to see the breaking day
Across the mournful marbles play,
Who hath not learned in hours of faith
The truth, to flesh and sense unknown,
That Life is ever lord of Death,
And Love can never lose its own."

PRESIDENT MCCOMAS—We have with us Dr. M. S. Rice, of the First Methodist Church of this city, who will address us upon the subject, "Character." Without further introduction I will present to you Dr. Rice.

CHARACTER

Address by DR. M. S. RICE of Detroit, Mich.

Mr. President, Ladies and Gentlemen:

When I sat here and listened to your treasurer read that remarkable report that a Credit Men's Association had a fifty-thousand-dollar surplus, I became suspicious. (Laughter.) I don't

know what you fellows are doing with the cash anyhow. I have attended four conventions in the past few weeks where they have had a surplus. I never attended a convention in my life before where they had such things piled up and I feel as though I would like to help you fellows reduce that surplus. I have a kind of an ability to do that. I keep my own reduced—in fact, absolutely reduced.

I am a Methodist preacher and one day I accosted one of our Methodists and asked him if he had a surplus and the fellow said, "I have a deficit. I have no surplus, we don't use surpluses." So I have no surplus and I think you credit men know more about deficits than you do surpluses. What is the use of a credit man talking about surplus. We wouldn't want any of you fellows but we have to have you around because there are so many shysters. That is why you hold your jobs. You don't need to get excited about me, you couldn't hold your jobs any more than I if there weren't a lot of deficits.

Both of the resolutions you adopted a moment ago, started out with just the same sentiments, phrased a little differently because two men always state things differently, but both of them started with the same declaration that after all, there is nothing so great and so good in the world, God never made anything so great or so good as a great character. When I found myself announced to speak on "Character" to a company of business men, it stirred me a bit to wonder just what was coming to the convention and just what you wanted, for I have made so many speeches and so many various kinds of speeches in the last few weeks and months and I am not very used to it, although I am getting a little more used to it now, to making addresses on "Character" to business men. I also give that address as a commencement talk to young folks.

It is easy to see that you men are getting back to your youth again or else you have discovered the fact that after all, the thing that the high school orator has been orating about for all the years is the fundamental fact of the world's life. When I see the business of the world basing itself on character, I am tremendously interested in the fact that, after all, there is a magnificent conception of the real one great thing in the world.

I don't know why I am here this morning, but I presume this is the reason: I went down to our local Credit Men's association the other day to talk on "Character." I never knew that you start with character and capacity and capital and collateral.

I want to talk to you on what I conceive to be and what I am glad you conceive to be "the one great basic foundation of the business of the world—the character of the men in the world and not the assets that they have in the form of the ordinary things that they turn in, but the character that is back of every one of the other assets that they possess."

We used to hear a great deal about the intrinsic value of gold and again the intrinsic value of silver, but I want to say to you that there is not a grain of intrinsic value in all the gold that was ever mined in all the history of the world if it were piled up in one big pile now, and there is not a grain of intrinsic value in all the silver that was ever mined in all the history of the world if it were piled up

in another great big pile right on top of the gold that was ever mined. There is not one grain of intrinsic value in all the jewels and all the gold and all the silver and all the precious metal, so-called, that has ever been mined in the history of the world. There is not a grain of intrinsic value there. It is purely a donated value. Let a man cease to want gold and silver to-morrow and they will be marked down to zero in Wall Street and they don't mark anything down there at zero unless it belongs there. They have value simply because folks want silver and gold. That is all the intrinsic value there is. Even diamonds are no good if we could only get women to believe that they are no good. Until we put a value upon them there was nothing to them. Once in a while a glass scratcher says he would like one, but he could really get along without it. A few years ago the little darkies used to throw diamonds at birds in South Africa and that is actually what the white folks found when a little negro threw one at a bird and it struck the helmet of an Englishman who was passing. This Englishman looked at it and said it was what he had been looking for and they have had trouble in South Africa ever since.

What was the value of the diamond? Why was it worth any more to the Englishman than to the little negro? I will tell you. The Englishman had a shirt front and the negro had a front but it didn't have any shirt on it. Want is the basis of value in the world.

The want of the world is the basis of the value of the world, and after all, want is the discriminating factor which civilization has written upon. The needs of the world are the lower conceptions of life, and you will thrust life down to the very bottom on the basis of needs. When you commence to go back to what we call the necessary industries, you will push all the way down, until you get a long way back, and you can go clear back to old Adam and Eve, if you want to, and find out that after all there are mighty few things that are necessary.

When the war came on, Grand Rapids almost made the mistake of saying that they did not care for any war contracts, they were making some things that absolutely could not be dispensed with, and they pretty nearly found out before they got through that they were left out. The government came and said: "What are you making?" "What am I making—I am making chiffoniers." "Chiffoniers," said the government, "forget them, we don't need chiffoniers. We have to have something essential." "Why, no, we have to have chiffoniers." The government said, "We won't have to have chiffoniers—a man can stick a nail in the wall and hang his pants on that; he doesn't need a chiffonier."

It took us a considerable time to find out, after all, that the basis of the whole civilization of the world was the want of the world. That is what civilization is. It has built itself up from the crudeness of need to the multiplicity of wants. Who brought that want into the world? There is not a man or woman in the house this morning—and every one of you men who are married appreciates this trend—but has in the last few years bought things that there was no more need of than a frog needs a hair ribbon, but you wanted them.

Now I desire to read to you an interesting little article which I

think the credit men of the country ought to publish, and ought to scatter abroad as the greatest leaflet that has ever been gotten up. I haven't all of it here, but I have part of it and will read it. There is the greatest leaflet on credit that was ever published, and it ought to be published by the credit men of the country and sent broadcast to all these \$250,000,000 credit losses that you have had last year, that these people may be able to find out what it means to be somebody. This is nothing more than the testimony of J. Pierpont Morgan. If you have not read it, you certainly ought to, and if there is a credit man in this house who didn't cut that testimony out and keep it, he certainly ought to be compelled to repent for his neglect and somehow find a copy.

This is the basis of the credit of the nation from one who knew of what he was speaking and whose words resound with absolute power to the very end of the world. He was being questioned by Mr. Untermyer. Mr. Untermyer's committee was trying to establish the fact that there was a money trust, and Mr. Morgan proved to be a mighty interesting witness. Mr. Untermyer was trying his best to get down into Mr. Morgan's heart and get out of him a word that could be used against him, that there was such a thing as a money trust in this country. Mr. Morgan and counsel were then engaged in the discussion of the principles of money and of the circulation of money. Mr. Untermyer sought to lay the foundation for proving that there was a trust for money existing in the country. Mr. Morgan did not agree with him in the least. He said, "It is absolutely impossible for any man, or group of men, to get control of all the money or the credit of the world. It is not feasible," said he. Mr. Morgan then said, "I know a great many business men, too, who can borrow any amount, whose credit is unquestioned."

"That is not because it is believed that they had the money back of them," said Mr. Untermyer. "No, sir," said Mr. Morgan, "it is because people believe in the man."

"And it is regardless of whether he has any financial backing?" said Mr. Untermyer.

"It is very often true," said Mr. Morgan.

"And he might not be worth anything?" said Mr. Untermyer.

"He might not have anything," said Mr. Morgan. "I have known a man to come into my office and I have given him a check for a million dollars when I knew he had not a cent in the world."

I wish I had known that before Morgan died.

That is a tremendously important statement, is it not? Untermyer then sought to break it with the statement: "There are not many of them, are there?" Mr. Morgan said, "Yes, sir, there are many of them."

"Commercial credits are based upon the possession of money or property, are they not?" asked Mr. Untermyer.

"Money or property or character," said Mr. Morgan.

"Is not commercial credit based primarily upon money or property?" said Mr. Untermyer.

"No, sir," said Mr. Morgan, "the first thing is character, before money or property, before money or anything else. Money cannot buy it," said Mr. Morgan. "So that a man with character, without

anything at all behind him, can get all the credit he wants. A man with property cannot get it?" said Mr. Untermeyer. "That is very often the case," said Mr. Morgan. "But is that the rule of business?" "That is the rule of business," said Mr. Morgan. "And if that is the rule of business, Mr. Morgan, why do you, the banker, demand the first thing a statement of what the man has, before extending him any credit, that is a question?" "That is what they go into, but the first thing they say is this: 'I want to see your record.'"

Mr. Untermeyer, "The next thing is how much he has." "People do not care then," said Morgan.

"For instance, if he has government bonds," said Mr. Untermeyer, "or railroad bonds, and goes in to get credit, he goes, and on the security of those bonds does he not get credit?"

Answer: "Yes, sir."

Question: "He does not get it on the force of his character, does he?"

Answer: "Yes, sir; he gets it on his character."

"I see, then," said Mr. Untermeyer, "he might as well take the bonds home, had he not?"

"A man whom I do not trust," said Mr. Morgan, "could not get money from me on all the bonds in Christendom."

"That is the rule all over the world," said Mr. Untermeyer.

Answer: "I think that is the fundamental basis of business."

Now, these statements are from an unquestioned authority, and that is a basic thing. I repeat what I said a moment ago, I think you credit men ought to impart that information. You ought to incorporate that somehow in a leaflet that shall carry the very message of the thing on which you bank.

Last year we had fewer failures in America than in any other year in the history of America, but there were 86 per cent. of those failures due to personal reasons, and that percentage has grown in the last number of years. Why? Because the failures and the reasons of the failures have been more carefully thought out, but 86 per cent. of the failures are due to personal reasons. I know of a case at this minute—I got this from Bradstreet's—and the reason is given in a most peculiar instance and I am very much interested in exactly what it was. I know of the case of a man who used to have credit, who was at the very top of the credit market. He had \$300,000 to back him in his enterprise. He was a fruit buyer. He sent to California. He was doing business with Los Angeles. He bought a lot of oranges out there and when they came in he sent back word that they had been frozen. I don't know how many of them were frozen, but there were surely three or four carloads of them that were absolutely ruined, according to his statement. The seller came back, got into an old suit of overalls, secured an old wagon from a Jew peddler in the streets, and said, "I want to use this to-day." He drove down to this fruit wholesale man and said, "I would like to buy some oranges"—and he made sure that they were the oranges that had just come in. He took one of them and said, "Why, they have been frozen." "Oh, no, they are the finest oranges I ever had in my life." After he was sure of them, he got a dozen boxes. He turned over the wagon to the fellow who had owned it,

went over to the hotel and changed his clothes, went down to the office of this wholesale fruit dealer, laid before him the bill that he had just paid in which the claim was made that the oranges were all frozen. He then said to him, "Now, you pay me for that fruit right away." The fellow handed the money to him.

In the next issue of Bradstreet's, that man's credit, regardless of the fact that he had \$300,000 behind him in the bank, was put clear down below three. It was not that the man did not have assets, for he had plenty of them, but he did not have character. Thank God, you cannot write a high conception of credit in any man's page of condition in this country to-day who is devoid of character, I care not how many bonds he has in the bank or how much collateral he may have behind him. I thank God for that great fact. I rejoice in that wonderful fact. There was a man who failed a number of years ago, and the firm which had been his greatest competitor came to him and gave him a position in the firm, paid him a splendid salary, just to allow his name to be written on their letterhead and to be printed across the top of the firm's door. I thank God for old Ben Hallowell, as fine a merchant as the city of Baltimore produced, who was compelled to lose his business through character and the convictions of his life, and when some men came to him one day and sought to compromise with his convictions, saying, "Sir, if you will do so and so, we will help you," Ben Hallowell straightened himself up and said, "My silks are for sale; my opinions never." That is as fine a thing as ever came from any business man's lips.

That is the basis on which we are to stand before the world. We are standing at this moment as a nation with the whole thought of character coming down upon us nationally.

To-day we have over three billion dollars of gold in the treasury of the United States. There are over three billion—and no nation ever had a billion in gold before the war began. That is more than a third of all the gold in the world. What does it mean? It means that unless we shall have in America a tremendous sense of responsibility, it means that unless we shall understand in America the business terms of America, the sense of the highest appreciation of character that we have ever known—the greatest peril that ever came upon any nation in the history of the world is upon us, in the great flood of yellow prosperity that has flowed in upon us. I saw an interesting cartoon in that theological journal that I presume none of you read, but that we preachers read constantly, called "Life." And it struck me to the depth of my heart, for that cartoon had a mountain of gold on it in colors, a great, yellow, beautiful mountain of gold, and on the top there was a bit of an American flagstaff, and hanging from it was a little, limp American flag—there was not enough wind to blow it out—and on the side of that great mountain there were the old deserted clothes of Uncle Sam, his old coat and his old pantaloons, and his old battered hat, and his old worn shoes—and underneath it were written those fine words of Goldsmith's, "Ill fares the land to threatening ills a prey, where wealth accumulates and men decay." And over it all was written that tremendously significant word of Jesus Christ, when he said,

"What shall it profit a man if he gain the whole world and lose his soul?"

That is the peril at the present hour, and that is the peril that is before me, as I speak to you for the basic conception of character as the one foundation thing on which we can afford to stand.

I remember out West we used to have a beautiful little girl who fell in love with a fellow (which is a perfectly good thing to do, providing he is a good fellow), and this fellow was all right. He was worth a million. This young fellow didn't live around there, and everybody was tremendously interested in the match. When she said he was worth a million, everybody was wonderfully interested and said, "Well, I don't see how Mary not only got next to a millionaire, but even got acquainted with him; how did she do it?" When the time of the wedding came, the whole town was agog and everybody was going on about Mary's wonderful catch of a millionaire. She went over and married him in another town, came back to her little town, and when she came back to the town every one came down to the train to see them. He was an ordinary looking fellow.

(Millions are not so much these days anyhow; I hardly speak to them any more. We are talking in big figures these days—billions and such things—and I don't understand millions any more at all.)

But this fellow came back and they congratulated Mary and congratulated him, and they went up to their place in a little cottage in the town. They all stood around waiting to see some wonderful thing, but he didn't carry any cane or wear a silk hat. Finally, he took a job at \$15 a week, and they said, "Well, he is the poorest millionaire we have seen in some time." That fellow kept on working faithfully, but they just kept bothering Mary as to how it was that her millionaire worked. Finally one of them said, "Look here, Mary, I thought you said your husband was a millionaire." She replied, "I did. He was worth a million." "Well, how in the world do you come to all this?" "Well," she said, "I will tell you; I would a thousand times rather marry a man who was worth a million and didn't have a cent, than to marry a fellow who had a million and wasn't worth a cent."

That is exactly the thing that I feel in my heart, as we stand before all the business crises and all the business liability, and the tremendous questions that are going to be before us, and no nation in the history of all the world in business life has had to face such things as the United States of America will have to face in the next few years. I therefore ask you men and women to appreciate to the depths of your heart the great call of your country, the great patriotic call of this nation of ours and of the world, which is tremendously concerned in the attitude of America toward her riches and toward her business, for we will have to be the business men of the world's life in the next few years and enable the world to get on its feet again and go out into great competition in the work of the day.

I look at a good many of the bronzes of the world. I have never seen any of them that touched my heart and won my allegiance so much as the little piece of bronze that stands in New York City off the beaten thoroughfare on the greensward, and I never go that way but what I stand in its presence with my hat off and wonder at

the beautiful statue of Nathaniel Hale—fine cut, as clean as any, came he—and the face of that fine young patriot of our country. There is a fine look upon his young face; twenty-one years of age was he. And as he stands in the presence of those before whom he is to die for his country, they ask him if there is a single word he has to speak before he dies, and he straightens himself and says what I consider to be the finest words that patriotism has uttered in America: "My only regret, sirs, is that I have but one life to give for my country"—and he fell dead on the greensward.

That is the thing I appeal for at this moment, that you shall understand that there are greater things that are asked of you now, not only that you shall be able to accumulate money but that you shall help build a mighty character in the life and soul of the business of the greatest nation under God. So help us to keep it forever.

PRESIDENT MCCOMAS—We have listened to Dr. Rice. You have heard him say that he was born in Kansas; you heard him say that Kansas was more or less of an experimental station; you heard him say that it took a lot of nerve to be born in Kansas. Now what I want to say is, if he is an experiment from Kansas, he is a great success and we give him the stamp of approval and give our thanks to Kansas.

While Dr. Rice was speaking, there was a man here on the platform making notes, jotting down notes for further speeches. I noticed that he was intensely interested. He is a young fellow somewhere around eighty or a hundred years of age, I should say, and I am, without further introduction, because he needs no introduction, going to present to you this morning the Hon. Edwin J. Cattell of Philadelphia.

. ADDRESS OF EDWIN J. CATTELL OF PHILADELPHIA, PA.

Mr. President, Ladies and Gentlemen of the National Association of Credit Men:

It is pretty difficult for an old man from a slow city like Philadelphia to follow that wonderful experiment from Kansas. Some of these things that come from Kansas are everlasting, and we thank God that they are.

I would like to say to the doctor who has just finished, that there is another side of that picture of three billion dollars in gold, and that is the fact that America has already loaned nine billions to help them over there. We have done more in this country in the way of charity than any other ten countries in the world.

I have fifty years of very clear memory. I have seen the wealth of America go from seven thousand million to two hundred and fifty-seven thousand million. I have seen gold sell at three hundred per cent. premium. And there never was a clearer illustration than we had to-day as to the difference between the need and the want.

One of the best illustrations was given by Mr. Lincoln to my father. He said he was out visiting a friend, an old uncle, and the uncle was plowing. He had in the plow a raw-boned horse, all angles, and there was a great big fly on the horse's flank. This horse was all aspiration. The old man started to kill the fly but

he said, "Don't kill it, that fly is what keeps the horse moving."

It is that so-called extravagance, that desire to gratify more and more the spiritual aspirations which find material expression, that some people look down upon. I am not afraid of the better level of life, not in the least afraid of these problems. I stand here to-day more thoroughly optimistic than I was ever before, more deeply in love with life than I ever was before. Once more I say to you, I want to live to be a hundred years, and then renew the lease at double the rent, and do my own repairing.

Thank God for life; thank God that we are able to gather once more in this wonderful city, to renew our faith in life and love of life, and to get the optimistic point of view. The night is merely a resting place between two days; it isn't final. I thank God for that. There is compensation in almost everything. Even all those of you who are heartbroken over the first of July, you married men, must remember that there is one tremendous compensation, and that is when you come home late after the first of July she kisses you and you know it is a kiss of affection and not of investigation.

I usually say a few words on confidence in business. I believe we should start out first of all with confidence in self. I hate the pessimist, that type of man who, on the first beautiful day of spring, whistles "The Last Rose of Summer"—you know him. I prefer that little Irish friend of mine, who, going out to Sandwich Islands, said, "Mr. Cattell, I am not afraid of the hot weather." "Well," I said, "you can't stand it 190 in the shade." She said, "I needn't stay in the shade all the time." (Laughter.) She understood the fact that she had the power of choice; and that is what we have here in this wonderful land of ours, ability to choose. Joy in living; joy in the exercise of God-given faculties, with God-given opportunities! If you tie your arm to your body, you don't save your arm or muscle, you lose the arm, and if you keep it there long enough, you lose your life.

You cannot take everything, you have to give first.

Don't be too quick to discard the old—take up the new, but strive better to march with a will. Have that contentment; if you can't get what you like, like what you have. Get the joy of living and get the point of view that God will do half the work, but it will be the last half.

One time I remember seeing a poor fellow who was a little the worse for the wet weather, getting on a horse, but getting on with his face toward the horse's tail. I tapped him on the shoulder and said, "My friend, you are getting on the wrong way." He replied, "You don't know which way I want to go." You have to find out the great tendencies, the great fundamentals, and go with them, if you want to succeed. Go against them and you go down. There are two things that are fundamental, basic, that can't be changed. You can pass all the acts of Congress, all the legislature declaring that three times two is nine, but it never goes. You can't monkey with the multiplication table and you can't change the Ten Commandments; they are absolutely fundamental, and every disaster that has come to every people on God's earth has come from an attempt to change those great basic principles that underlie

all our relationships and are at the basis of all our development. We have to play the game, and we have to play it straight.

I am making a plea for playing the game straight, for playing it strong, and for playing it with intelligence. If you do that, you will have the ability to handle the problem; there is no question about the result.

I believe in being in love with and having confidence in your country. God has given me opportunity to visit about eighty-five separate organizations of government in the world. I have traveled all over the world gaining that information, and I say here without the slightest mental reservation, that I am more confident in our form of government to-day than I was ever before in my life.

For eight thousand years the extreme of government starting in the old Mesopotamian valley held one idea, that a loving God and just God picked one of his children and made him a sovereign, and made all the rest of his children the slaves of that sovereign—for subject and slave are synonyms, never forget that. It was only in 1774, two years before our Declaration, that we struck that wonderful note, that a living and a loving God would not take one man, one child, but would take all and make each a sovereign of divine right, with power to organize government, appoint agents, and give the most remarkable transfer of power for the time being, that the world has ever seen; and as you read that remarkable decision of the Supreme Court last week, and saw what the Congress, representing a hundred million sovereigns, was able to do, giving to one man greater power than has ever been possessed by any human being since the son of God walked this earth, you realized the might and power of this nation and its ability to conceive that power in any hour of crisis far beyond that claim for any autocratic government on the face of the earth, and that power will come back to the people. Just in the same way and by the same wonderful initiative, God-born, executed by God's children, seeking new life and forever working onward and upward, lifting the burdens of the world, bringing sunshine into lives that only knew a sun that was shining by the shadow on their past, in the name of the Master, splendid nations facing this wonderful opportunity, are to bring again over the face of the dear, old earth the smile of the living God and the day that shall never end. That is what is coming to us in America. Don't let us be afraid; let us thank God for the opportunity. Let us believe in our government.

When I crossed this continent fifty years ago this August, there were five days of traveling through the great American desert. To-day I find them raising on that same land five crops a year. It took me ten days to go from Philadelphia to San Francisco. Not long ago I spoke to sixteen hundred people in the theatre at San Francisco through a telephone in Philadelphia. It took me thirty seconds to cover the ground that required ten days, when I was young. The age of miracles has not passed; as the French say, "Everything is possible we will do. If it is impossible, why we will do that." There is no such thing as the impossible.

I was at a big meeting during our Victory Loan campaign a few weeks ago in the western part of our city. The audience was a

little cool and didn't seem to respond. The song leader started two or three pieces, and only about a tenth of the audience followed. Two young girls who had taken a dozen little inmates of a home for incurables nearby brought out these youngsters. Each one of those little tots had to bear pain from cradle to grave. On that word "incurable," home for incurables—he who enters here leaves hope behind—immediately sympathy was aroused, and it was a pathetic sight to see that little group of twelve children, many of them with a steel brace on their arms, some with a brace on each leg, two or three little hump-backs, every face bearing that legend of pain written through the days of struggle. Well, they brought this little group up near the platform when the song leader failed to move the crowd, and as a last experiment he tried, "There Are Smiles That Make Us Glad," and these poor little tots knew that song and loved it, and they started in to sing, forgetful of the crowd around them, and out of those little pain-racked bodies there came that chorus of sunshine, thanking God for life and telling them of what they could do to make others happy, and those twenty thousand people had a sermon preached to them which they had never heard before. These little tots, carrying such a heavy burden, were able to thank God for life and tried to make other people happy.

Keep your love of life; keep your love of friends; keep that thought that there is no need to hurry on—we have plenty of time, there is no end to time. You have all the time there is. Let's keep that thought in mind and let's thank God for these friendships, for these opportunities to come together, and to do something really worth while. Let's thank God even for the trials which we have, which makes us stronger and better. Let me speak from my heart and say, dear friends and brothers, I grow more in love with life year by year; I come more clearly to see what that old Mother meant when she said, "God gave us work not as a punishment but as a help." Oh, the joy of labor and the joy of service, and the feeling that the truth of Emerson is everlasting, that we are not strong by our ligaments but by our power of penetration; it isn't what you know, but what you can put knowledge into, that which brightens and blesses life.

I want to leave one little picture with you. Last Christmas Eve I was with some farmer folks, friends who live just out of Philadelphia. The dearest boy, the youngest boy in the family, had been in the Tank Corps. For five months we hadn't had a line from him. I had sent three cables, but not a word from him. The day before Christmas I got a message from the Department, through one of our Senators, saying, "Give up hope. We can find no trace. There is nothing definite." That was a message I had to take out to this little farm on Christmas Eve. The little wife and mother took the blow as only American mothers can; big-hearted and brave, she even put sorrow out of sight for the grandchildren's sake and helped dress the little Christmas tree. But that night when I went to bed late in the night, I heard her moving in the attic overhead; the next morning I heard her there again. I dressed and went downstairs in that little, old-fashioned parlor on that merry Christmas morning. The Christmas tree was standing there; I thought it was empty, but when I got near the tree, there down in the corner I saw that little

mother seated. Then I understood why she had been up in the attic over my head. She had opened an old box and hunted up some of the toys that this boy she had loved and lost had played with nearly a quarter of a century ago, and she was seated by that little Christmas tree all alone, trying to heal the hurt in her heart, with those toys that the boy had played with. Somehow I couldn't stand it; I went out into the apple orchard that surrounds the place. I was there half an hour, when suddenly that door opened and that little woman came running by, and she called to me, "Here comes my boy," and, limping down that lane on that Christmas morning came that boy; he had been wounded. He had been transferred through thirty-two hospitals, transferred to England, had lost his company and record. Even the message that said he had come on the Celtic at New York had miscarried. Without a word of warning, just as the mother's heart was breaking on Christmas morning, the boy came home. Heaven certainly prevailed in that home. Nothing could surpass that mother's great joy and happiness.

The boys are coming home, and in a million homes in America new impulses will return; and the mightiest impulse in civilization is to regain its old power—the mother heart, the mother hope, the mother love—and America is to give to Old Glory through that which it does and stands for, for other people the right to stand by the Cross, and Americans are to be, I believe, in the eyes of the world, the highest expression of high might, dominion, majesty and power, the living God has ever allowed to tread upon this dear old world.

PRESIDENT McCOMAS—I want to say to you that Mr. Cattell is an honorary member of this Association, and it gives us great pleasure to have him with us again, and I assure you that we have enjoyed intensely everything that he has said.

The meeting now stands adjourned.

Adjournment.

AFTERNOON SESSION

First Day, Tuesday, June 10, 1919

President F. B. McComas called the afternoon session of Tuesday, June 10th at 2:15 o'clock.

He called upon the chairman of the Banking and Currency Committee, F. Blanchard for his report.

MR. BLANCHARD—You have before you the printed report of the Banking and Currency Committee. In behalf of that committee I desire to present the following report and resolutions:

REPORT OF COMMITTEE ON BANKING AND CURRENCY

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

A change in the chairmanship, necessitated by unavoidable conditions after several months of the year had elapsed, prevents your Committee on Banking and Currency from offering to this convention a record of any definite activities and its report must be confined to the expression of convictions in certain fields of observation falling within the natural domains of the committee, that it were well to repeat so that the policies of the National Association of Credit Men in its banking and currency department may be renewed and confirmed.

Five years is a brief span when considered in retrospect. This organization has realized in the fullest measure that at no period of its existence was courage and conviction expressed with more constructive results than when advocating and demanding a scientific and adequate banking and currency system for the nation.

The providential gift of the Federal Reserve Act to the nation at the threshold of the great war should arouse in every loyal heart a feeling of genuine gratitude. Without this instrument, the nation's own adventure could not have been undertaken with the certainty of success that marked every chapter of our cooperation with the Allies for the defeat of the Central Powers.

With unusual powers of marshaling, regulating and controlling the available credits of the nation, and with a banking administration that has been characterized consistently by wisdom, conservation and fearlessness, we have every reason as an organization to feel proud of the part we played to secure the passage of the act and of the vision to which we were true. Amending the act from time to time according to the obvious and reasonable needs of commerce has been most sensibly accorded by Congress, as requested by the Federal Reserve Board. The Fletcher Act, introduced in the 65th Congress, was one of the progressive steps in the adaptation of the Reserve law to the real needs of commerce. It makes provision for additional powers to the Reserve System that will tend in further stabilizing and defending it.

Commercial banking institutions, operating under state charters which have not associated themselves as yet with the Federal Reserve System, though are legally permitted to do so, should join and add

their resources to the institutions at present controlled by and enjoying the advantages of the Federal Reserve Act, even if in so doing, there may appear to be some little disadvantage financially. The greater tendency to consolidate our commercial banking institutions into one system, thus assuring unanimity in our banking practices and a more certain mobilization of bank resources, money and credits, the securer we are in meeting emergencies and providing adequate facilities for the extension of our foreign and domestic commerce. After the experiences of the past four years, no appeal should go more directly to the convictions and good sense of state-organized banking institutions, not now members of the Federal Reserve System than that of the expediency of joining and pooling their resources for the further development of our commercial possibilities.

The amendment to the Federal Reserve Act, allowing member banks to accept in domestic transactions has been justified, and we now find this facility in use in many domestic transactions. But for this facility such transactions would be financed with far more difficulty. There has also accompanied the domestic bank acceptance the creation of a domestic bill of exchange market of the very highest character wherein is commanded the most favorable rate of discount and rediscount. This form of credit instrument is adaptable to transactions of a certain type, and its further development should be recognized as desirable for the banks themselves within legal limitations as also helpful to the Federal Reserve Board in regulating our credit system.

A credit instrument that is of wide interest to the average grantor of commercial credits, and in the customary sale and purchase of commodities, is the Trade Acceptance, to which your committee wishes to address in this report a word of endorsement and support. The open book plan that has prevailed almost universally as the form of credit expression in the sale and purchase of commodities in domestic commerce was novel, largely of our own creation arising from inadequate banking facilities at the close of the Civil War, when the seller of commodities was largely called upon to finance the buyer. This situation was expressed first in long terms and large premiums for cash settlements. With the increase of our banking facilities, the terms were gradually shortened and the cash premiums gradually reduced.

As the open book account is rigid and cannot be used but for a portion of its face value as a borrowing asset, it happened that when credit was inflated through over-extension and speculation resulting in such disastrous panics as 1873, 1893 and 1907, the commercial credit grantor then dependent upon the banks for the discount of his single-name paper or renewal of paper already discounted was forced either to assign or extend his indebtedness to mercantile creditors—a situation so vividly expressed in these eventful years.

The open book account may be designated as the American system, but we may lay at its doors the responsibility for some of our chief financial disturbances. When changing our inflexible and inadequate banking and currency system in 1914, it was but another progressive step to change our ordinary type of commercial credit instrument into something that was also flexible and would help

avoid in the largest measure a repetition of financial disturbances.

The Federal Reserve Act for the first time in our industrial history dignified commercial paper as a national asset. We have, indeed, every right to say that the real science of the act as it relates to the encouragement it gives to commercial paper is found in the Acceptance. By inference at least the single-name promissory note is related closely to the open-book account system. It were far more scientific and economic to use the receivables of an enterprise for borrowing purposes as they are expressed in the form of self-liquidating written promises to pay drawn to mature at a specified date, discountable at their face value.

Various terms of sale controlling the exchange of commodities in this country have presented certain difficulties for the general adaptation of the Trade Acceptance to all lines and, furthermore, the trade abuse encouraged by competition which has led to indefiniteness in sales terms as represented in the open-book account led the sellers of some commodities to encourage the substitution of the Trade Acceptance for the open-book account at premiums which we have not favored for the instrument. We have found, also that the ease which has controlled too largely the attitude of debtor toward creditor has led to the offering of the Trade Acceptance for the satisfaction of past-due accounts; and even though these abuses are insignificant in character and importance when compared with many of the abuses which have prevailed in our commerce under the open-book plan, we feel altogether the real purpose of the instrument is growing in the appreciation of credit grantors and so long as the Federal Reserve Act surrounds our banking and currency methods with reasonable safety and protection, the Acceptance, it is quite certain, will gradually be substituted for the open-book account as our customary credit instrument.

The history of our nation shows clearly that the best things it has enjoyed come in the face of great opposition and, may we say, perfectly honest opposition. The Federal Reserve Act met just such a condition. Therefore the opposition expressed to the Trade Acceptance does not discourage your committee. We regard it merely as one of the things that must be calculated upon in our progress as a nation, and we hold every respect for the honest objection.

Convinced that the Trade Acceptance is superior as a credit instrument to the open-book account, and deserves the encouragement and support of our credit grantors for this reason and also because it gives better support to the Federal Reserve Act and puts our commerce in a safer condition to meet the increasing demands upon it, it seems to your committee that the proper attitude of all fair-minded students of the subject should be that wherever credit grantors feel that the Trade Acceptance is adaptable and can be used to advantage in their enterprise they should be permitted to use it without restraint and criticism; and that those credit grantors who do not feel it is adaptable to their enterprises or could be used to economic advantage, should not be required to use it. Admitting the many broad questions embodied in this subject, your committee believes that by observing the attitude recommended in the foregoing paragraph, all credit grantors will be permitted to study the subject with thoroughness and without rancor and without using

statements that would impeach the good sense and intelligence of those who hold ideas either favorable or unfavorable.

There is no subject of greater importance before the country to-day than the proper development of the Federal Reserve System and the building up of a wise, intelligent and fearless administration. Also is of importance the study of the Reserve banking facilities by those who use credit and may not understand the laws which regulate its flow and supply.

Convinced, after careful study of these important matters, especially of the importance of the Trade Acceptance as an instrument deserving of our encouragement and support for the ordinary commercial credit transactions, your committee begs to offer the following resolutions:

I

Resolved, that the National Association of Credit Men, in convention assembled, recognizes with genuine gratitude and satisfaction, the part that has been played by the Federal Reserve Act in the winning of our victory, and also with a deep sense of reverence for the Providence who gave to the nation this splendid instrument for marshaling, regulating and controlling the credits of the nation at the threshold of the world's great tragedy.

II

Resolved, that the thanks of this convention be heartily and unreservedly extended to the members of the Federal Reserve Board and to the officers and administrators of the Federal Reserve Banks, for the wise, consistent, fearless administration of the Federal Reserve Banking System; they have shown clearly by their acts that they have not been governed by political considerations, but by a deep sense of obligation to the nation for the faithful performance of their duties, a service of recognized protection to the nation.

III

Resolved, that the National Association of Credit Men, records its sincere belief that solidarity in our banking and currency system is most desirable, not alone for the mobilizing of the nation's available gold and credits, but to bring about that cooperation which ought to exist between all banking institutions; therefore, those not affiliated with the Federal Reserve System, though legally qualified to be members, are urged to identify themselves with a system that has demonstrated its value to the nation and deserves, therefore, the support even at some sacrifice of the mercantile and financial interests of individual banks.

IV

Resolved, that the National Association of Credit Men hereby reaffirms the action of former conventions in approving the principles of the Trade Acceptance as a desirable credit instrument for the ordinary commercial transactions of the nation, believing that the Trade Acceptance is superior to the open-book account, that it is a logical development of the Federal Reserve Act in the emphasis and dignity it gives to commercial paper as a national asset, and that

it will tend to decrease trade abuses, give greater liquidity to capital, and therefore, should be known and used generally in mercantile credits.

V

Resolved, that in the approval given by this convention to the Trade Acceptance, it is earnestly recommended that in the literature of the National Association and local associations, and in the activities of succeeding committees, this be the attitude taken—that wherever the Trade Acceptance is found adaptable and can be used to advantage by the credit grantor, he be encouraged to use it without restraint or criticism; that those who do not find it adaptable or of economic advantage at this time in their credit transactions be not urged to use it; the convention believing that such attitude will permit the subject to receive proper study and consideration without rancor or ungenerous reference to any one either favorably or unfavorably inclined toward the instrument.

Respectfully submitted,

F. BLANCHARD, Chairman, Universal Portland Cement Company, Chicago, Ill.

VICE-CHAIRMEN

P. N. WELCH, Peck Bros. & Co., New Haven, Conn.

C. H. SANFORD, City Bank, Syracuse, N. Y.

J. L. KENNEDY, Atlanta National Bank, Atlanta, Ga.

C. W. DUPIUS, Citizens National Bank, Cincinnati, Ohio.

WM. HAZZARD, Commercial National Bank, Peoria, Ill.

F. M. LAW, First National Bank, Houston, Texas.

N. V. MILLSAP, Sharpe & Co., Inc., Birmingham, Ala.

H. A. SEDGWICK, Marshall-Wells Hardware Co., Duluth, Minn.

ARTHUR PARSONS, Pres. Utah Credit Men's Association, Salt Lake City, Utah.

RUSSELL LOWRY, American National Bank, San Francisco, Cal.

MR. BLANCHARD—I submit these resolutions and move their adoption. Seconded.

J. H. SCALES—Are those resolutions offered as a whole or separately? I would like to offer a substitution for resolution number four.

PRESIDENT MCOMAS—The resolutions will be taken up separately.

Resolutions one, two and three were then adopted.

SECRETARY TREGOE—Mr. Scales of Louisville offers the following as a substitute for the committee's fourth resolution:

"WHEREAS, at least two questionnaires, one of them sent out by the Federal Reserve Board to the business men of the country, to get their views with reference to the universal use of trade acceptances, have shown the majority of the business men of the country not in favor of its universal adoption, and

"WHEREAS, these and other evidences raise the question whether the resolutions adopted at the last two conventions of the National Credit Men's Association truly reflect the views of the majority of the membership and

"WHEREAS, it is of great importance at this time that the action of this Association should reflect the thoughtful and deliberate judgment of the majority of the business men of the country with reference to all important matters affecting credits and collections, therefore be it

"*Resolved*, that the president appoint a committee of four members, two of whom are known to be advocates of the general use of trade acceptances and two are known to be opposed to their general use in this country, which committee shall be directed to obtain and submit to the members by general referendum all of the available arguments for and against the general adoption of trade acceptances instead of the practice recognized as the American Credit System, and be it

"*Resolved*, that each member of the National Association be requested and urged to express his views on the question of having the Credit Men's Association continue its efforts for the general adoption of the trade acceptance as a substitute for the present American practice in our domestic commerce."

MR. SCALES—Moving the adoption of that substitute, I would like to say just this. I have not the data before me setting out the result of the questionnaire promulgated by the Federal Reserve Board, but I do know that in another letter sent out to all parts of the country we received one hundred and twenty-seven replies, out of which there were opposed to trade acceptances, fifty-eight; interested, glad to have information, but not committed on the question, thirty-seven; in favor of trade acceptances, sixteen; in favor of trade acceptances but not enthusiastic, eight; in favor of their use being thoroughly established in business, nine. We know from inquiry among certain lines that the heads of the houses which answered are not interested in the use of trade acceptances. We know that in many cases they are opposed to the use of trade acceptances. We cannot feel, therefore, that it is fair to state that it represents the general sentiment of the membership to advocate a system that they could not consistently use and that as members of this Association they were opposed to having promulgated. You will notice that this resolution does not definitely oppose the trade acceptance. Now it is desired to get the real sentiment of the entire membership of the organization.

A. LANDAUER, Milwaukee—I second Mr. Scales' motion.

PRESIDENT McCOMAS—Are you ready for the question? We are now ready for discussion on this matter. This is a serious step that you are taking, and everybody should know just what the convention is doing.

C. W. DUPUIS, Cincinnati—I move that we proceed to vote on this substitute at once. I think that motion is in order. Seconded.

PRESIDENT McCOMAS—It has been moved and seconded that we now proceed to vote on the substitute resolution. All in favor will signify by saying "Aye." Carried unanimously.

We will now proceed to vote on the substitute offered by Mr. Scales. All in favor will signify by saying "Aye"; contrary, "No." The chair declares the substitute lost and unless you wish to appeal from the decision of the chair, it will be so decided, Mr. Scales.

MR. SCALES—May I ask for a rising vote.

PRESIDENT McCOMAS—All in favor of the substitute offered by Mr. Scales will kindly rise.

SECRETARY TREGOE—The substitute resolution offered by Mr. Scales is under consideration. It is a substitute for resolution number four offered by the committee. All who favor the adoption of the substitute will please rise.

All opposed to its adoption please rise.

PRESIDENT McCOMAS—I declare the substitute lost. You will now vote on resolution number four as offered by the committee.

MR. DUPUIS—I move that we proceed to vote on this resolution as presented by the committee without debate. Seconded.

PRESIDENT McCOMAS—It has been moved and seconded that we proceed to vote on this resolution as presented by the committee without debate. All in favor signify by saying "Aye." Carried.

We will now vote upon resolution number four. All in favor will signify by saying "Aye." Carried.

PRESIDENT McCOMAS—It is carried unless you want to appeal for a standing vote.

SECRETARY TREGOE—If you permit me, and with the consent and privilege of the convention, if you will withdraw your decision and have resolutions numbers four and five acted upon together, it would be well because resolution number five is an explanatory resolution to number four.

PRESIDENT McCOMAS—We have already agreed to vote upon each resolution separately. Also we have acted upon resolution number four and it was adopted, but if there are no objections I will put the question again because we are here to get it right.

J. F. JORDAN, Minneapolis—May I ask whether we voted on resolution number four or voted upon the previous question to vote on number four without debate?

PRESIDENT McCOMAS—We have voted on both. Whether we are within our parliamentary rights or not, I am going to ask you again to vote on resolution number four and all in favor will signify by saying "Aye."

I think the "ayes" have it.

SAMUEL MAYER, Cincinnati—In order that this may be all properly brought before the convention, I move for a reconsideration

of the fourth resolution so that there may be a consolidation of numbers four and five and opportunity given for proper consideration.

PRESIDENT McCOMAS—Mr. Mayer, would you mind letting the secretary read number four and then we can determine if we want your motion acted on. Mr. Mayer moves for a reconsideration of our vote on resolution number four so that we may consolidate numbers four and five and vote on them jointly. Motion seconded.

The secretary re-read resolution number four.

M. WEIL, Lincoln—I move that we reconsider the resolution number four and substitute number five in its place.

SECRETARY TREGOE—Number five refers to number four, Mr. Weil.

MR. WEIL—If you will reconsider number four and substitute number five, we do away with the necessity of the discussion that seems to be coming. It seems to me that number five covers both of them.

MR. DUPUIS—If this motion is in order, the same as I made before, then we proceed to vote on the resolutions before us without further discussion or debate. Seconded and carried.

PRESIDENT McCOMAS—We will now proceed to vote on resolution number five. Is there a second to that? Seconded and carried.

SECRETARY TREGOE—We will now entertain a motion for the adoption of the report and resolutions as a whole.

Motion made for the adoption of report of the committee as a whole. Seconded.

PRESIDENT McCOMAS—It has been moved and seconded that we adopt the report of the committee and resolutions as a whole. All in favor signify by saying "Aye." Carried.

WM. ROYLANDS, Utah—We have all listened this morning to the eloquent remarks made regarding our departed presidents and the eulogies that were given in their behalf. I think, however, in our rush, that we omitted one thing and that is that it would be the sense of the convention that a copy of those resolutions be sent to the families of the departed presidents and I make such a motion at this time. Seconded.

PRESIDENT McCOMAS—It has been moved and seconded that copies of the resolutions of this morning expressing our sense of loss in the deaths of Mr. Salisbury and Mr. Gettys be sent to their respective families. All in favor signify by saying "Aye." Carried.

It seems useless and almost unnecessary for me to undertake to frame words to introduce the next speaker. He has a national reputation. We all know of his work on the Federal Reserve Board. I will now present the Hon. Paul M. Warburg of New York City who will address you.

**ACCEPTANCES IN OUR DOMESTIC AND INTERNATIONAL
COMMERCE**

Address by PAUL M. WARBURG, New York, N. Y.

Chairman, Executive Committee, American Acceptance Council

*Mr. President, Ladies and Gentlemen of the National Association
of Credit Men:*

This is the third time you have honored me with an invitation to address a credit men's convention, and genuine, indeed, is my appreciation of your generous willingness to listen to me again. All the greater, however, has been my embarrassment in writing for you a new variation to the same old song, and to find a tune that would not sound stale to such patient friends.

Barely a year ago it was my privilege to speak to you at Chicago on the topic of trade acceptances, in the educational propaganda for which, from the inception of the movement, your Association had taken a leading part. Since then the Trade Acceptance Council has enlarged its name and scope into the "American Acceptance Council" whose widened field of activity now also embraces the "bankers acceptance." This was a natural evolution and followed as the logical consequence of our country's increasing interest in world trade and world finance. The trade acceptance, in its most important aspects, relates to our domestic business; the bankers acceptance renders its primary service in financing foreign trade. What could have been more timely, therefore, than for the Trade Acceptance Council to adjust its gait so as to keep step with Uncle Sam's rapid strides into foreign fields?

I need not assure you that this new departure could not possibly imply that the Council's interest in the development of the trade acceptance has lessened. No such thought could occur to any one conscious of the fact that our domestic trade commands a position of vastly greater importance than our foreign trade, both as to volume and character. The enlarged program of the Council simply meant the inclusion of the bankers acceptance in addition to, not in substitution of, the trade acceptance, and the accession to the old Council of new members chosen from among the most prominent experts in foreign banking in the leading financial centers of the country. The Credit Men's Association continues to be represented on the Council by your energetic secretary-treasurer, Mr. Tregoe, and I feel certain that in its wider aspect our undertaking will enlist an even keener interest on your part than in the past.

The American Acceptance Council, upon your invitation and in anticipation of this conference, held here yesterday an all-day session, when both the trade and bankers acceptance were carefully discussed in highly instructive addresses and debates. Some of you were present at these meetings, and to all interested the speeches will be made available in printed form, so that it would be inadvisable for me now to go into a detailed discussion of the technique of the acceptance problem. I believe that you would prefer that I survey the field in broad outlines, with an incidental sketch of the future plan of operation of the Council.

TRADE ACCEPTANCES

I shall touch only slightly upon the question of trade acceptances. You permitted me to go fully into that phase of the question about a year ago, and I have very little to add; except that nothing has developed to alter the views which I then expressed, and that quite a good deal has happened to confirm them. A constantly increasing number of merchants testify that by adopting the trade acceptance they have simplified their operations, strengthened their financial security, and thereby their general ability to do business. It is true that a few opponents continue an antagonistic propaganda, but their attitude reminds me of the resistance encountered at the time when Federal Reserve banks were making their greatest efforts to secure the membership of state banks and trust companies. Old-fashioned state bankers then used to sit up at nights figuring out to a nicety what they would lose by joining the Federal Reserve System. Detailed theoretical calculations were submitted and made the basis of their arguments. But while they were thus making out their hypothetical cases, those amongst them who were capable of vision and of a more national point of view had joined the system. When, later on, groups of banks were invited for a discussion of the "pro's and con's" involved in membership, Federal Reserve officials were mindful to have represented some state banks or trust companies that had joined. These new converts invariably reported the fact that membership had not only given them greater security, but that it had also resulted in their increasing their earnings through their new affiliation rather than suffering a loss. That always closed the discussion. On the one hand we had hypothesis; on the other we had facts.

I am strongly inclined to believe that the trade acceptance discussion has reached a similar status. The hundreds of firms basing their evidence not on theory but on results actually achieved and benefits realized tell their own convincing stories.

ACCEPTANCE COUNCIL'S ATTITUDE

When, as chairman of the Council's Executive Committee, I recently addressed its first Executive Committee meeting, I tried to sum up its views in the following statement:

"We are preaching the gospel of the trade acceptance for no other purpose than that we believe its use makes for sounder business and banking conditions. We do not say that single name paper is not good, or illiquid; but we may fairly say that the trade acceptance is better and more liquid. We do not say that the trade acceptance serves all purposes and that all cash sales and all cash discounts ought to be avoided; but we do say that where business is not done on a strictly cash basis, the trade acceptance will be found the safer, sounder, and, in the long run, more economical method than the open accounts.

"Indeed we believe that it is so much of an improvement over the open account that in some cases sellers, at present sacrificing a very heavy cash discount for the purpose of avoiding the dangers and inconveniences of open accounts, might find it to their advantage to

consider the economy involved in the use of the trade acceptance when dealing with customers of strong credit.

"We do not want to appear as wishing to force upon anybody the adoption of the trade acceptance, unless he considers it as serving his better interest. We do wish, however, those who can profit from the method to study it carefully and not to hesitate to adopt it. The American Acceptance Council's interest in the matter is that whatever makes for better morals in business and for better credit and banking conditions is a decided benefit to the United States."

ANOMALOUS RATE STRUCTURE

It is true that during the last year the progress of the trade acceptance has not been as rapid as it might have been under ordinary circumstances; for while it has gained new converts in large numbers, measured in volume its growth has been greatly retarded by the anomalous war structure of our discount rates.

In normal times Federal Reserve banks would be expected to establish rates for bankers acceptances substantially lower than for single name paper, and about half way between these two there should be the discount level for trade acceptances. That was the original scheme of the Federal Reserve Board when formulating its principles with regard to the rate schedules for the various classes of paper. Our entrance in to the world struggle intervened, and in order to facilitate the government's war financing, justly entitled to our very first consideration, rates had to be established favoring the so-called war paper; that is, bills secured by government certificates or bonds. This led to an incongruous rate structure resulting in the present abnormal condition when about 80 per cent. of all the bills held by the Federal Reserve banks—that is about \$1,800,000,000, out of \$2,150,000,000—consists of war paper. The total loans and discounts of member banks amount to roughly \$13,500,000,000. It is clear, therefore, that when engaging in rediscount operations with the Federal Reserve banks in order to provide for their commercial requirements, member banks primarily used their war paper, inasmuch as it commands the lowest of all rates. This rendered illusory one of the main advantages originally intended to be derived from the ownership of trade acceptances and bankers acceptances—that is, a preferential discount rate.

Indeed, the differential between Federal Reserve bank rates for commercial paper and bankers acceptances having shrunk to approximately one-half of one per cent., it no longer leaves between them an adequate space for a third and an effective intermediate rate for trade acceptances.

THE NORMAL LEVEL FOR DISCOUNT RATES

It has now become the country's very serious duty to liquidate as rapidly as possible the war paper and holdings of government bonds in the hands of banks and trust companies. This item, representing undigested government bonds amounting, it is estimated, to more than four billion dollars, constitutes one of the fundamental causes of banking inflation. In order to promote their absorption by the savings of the people and in order to encourage thrift by compelling borrowers, if necessary, to reduce their loans, Federal

Reserve bank rates for paper secured by government bonds in due course will have to be increased. They would have to approach more closely the then governing rates for commercial bills, while rates for bankers acceptances should be held at a rate sufficiently lower to provide for an ample margin in their favor against single name paper. And between these two rates the trade acceptance should find its proper level.

As this process of absorption takes place, and as the government reduces the volume of outstanding Certificates of Indebtedness, acceptances may be expected to regain their proper position as the most available and safest pass key to the facilities of the Federal Reserve banks. Ultimately acceptances are bound to become the main investment and rediscount for Federal Reserve banks and this demand alone will create a large market for them at favorable rates.

It may take a year or two before this course makes appreciable headway, but it is to be hoped that at an early date we may see the beginning of a definite policy pointing in that direction.

BRITISH DISCOUNT AND GOLD POLICIES

In determining the future level of our bankers acceptance rates, the British discount rate will play an important rôle. Sooner or later our rate and the British must be brought into a proper relation. It is impossible to predict exactly in what manner this will be accomplished. Our British friends at the end of the war have now established a gold embargo, while it may be expected that our gold embargo will be raised upon the signing of peace, if not at an earlier date.

England's future foreign exchange and discount policy is still undecided. At present there exist two divergent schools of thought: One, led by Lord Cunliffe, believing that foreign exchanges must be brought back to their pre-war levels by the establishment of a high British discount rate. That school holds to the old doctrine that high rates of interest will draw gold freely into a country enjoying a strong banking credit. If such a course were adopted, it might safely be followed by the lifting of the British gold embargo. The proponents of this policy are opposed, however, by another group of British political and financial leaders urging the maintenance of the gold embargo, preserving present artificially low interest rates under its protection, and allowing sterling exchange to remain at a discount in several foreign countries, particularly in the United States. It is difficult to see how such a policy, in the long run, may be expected to bring about a healthy cure. Whether or not it may be advisable for England to continue it as a temporary device is a matter that only British leaders can judge. My own belief is that sooner or later England, whose banking prestige and power have rested so largely upon the tradition of a free gold market, will adopt a course leading towards the lifting of the gold embargo, that is a policy of higher and effective discount rates. To me it remains a riddle how note issuing banks, on both sides of the water, could hope to effect "deflation" unless they take steps not only to arrest a further increase in their investments, but indeed to decrease them. And this they can achieve only by placing their active official rates above those of the open market.

CONTINUED INFLATION OR READJUSTMENT?

It is an evil condition that prolongs the necessity for governments to issue billions of bonds or currency for the purpose of paying millions of people who idle. It intensifies the inflation of prices because it continues to swell the outstanding amount of money and credit, while, at the same time, idleness interferes with a proportionate increase of goods. But this state of things, bad enough in itself, is aggravated most viciously if, in order to place government bonds (issued for unproductive purposes) upon a low interest basis, the general level of rates of interest is artificially lowered and bonds, instead of being absorbed by savings, are carried by manufacturing new credit, be it through added bank loans or circulation. "During war the laws are silent," is an old Roman saying, which applies with equal force to economic laws. But the war, happily, is ended and we must now boldly face the question of whether we wish unconditionally to surrender to inflation and accept it as a finality—that is, sacrifice all services rendered in the past to the services of the future—or whether we are determined to work towards a readjustment in the direction, at least, of the pre-war level, though nobody expects us even approximately to reapproach it.

It is a pathetic fact that peoples, like children, apparently can learn only from their own experiences, but not from the experience of others.

We know that war prosperity usually ends in a crash; shall we be able to avoid it?

ARREST CREDIT EXPANSION

If such be our wish we must beware of booms based on a fake prosperity which has its roots in inflated credits and prices. It is an ungrateful and at present an almost superhuman task to stop the easy flow from our credit reservoirs that creates the enlarged foundation for our growing credit pyramid.

While the Federal Reserve System proved our salvation during the war and while our imposing reserve power may be destined to play a most important rôle in meeting some of the grave problems that still lie ahead of us, I believe the moment is near at hand when we must not permit this reserve to be further encroached upon for the sake of increased credit expansion at a time when the healing process must be sought in contraction. To apply that remedy may be a harder task than to follow the lures of fictitious prosperity born of easy money, but in the long run I believe it will be a more prudent and more charitable strategy. Such a course would not imply that we should be slackers in shouldering our full share in attacking and solving the world's burning economic problems. It means only that we must manfully and planfully husband our resources instead of squandering them by personal extravagances and headlong speculations—and that we must concentrate our efforts on doing the big constructive things with wealth bottomed upon solid production and saving, instead of resting it on the quick sands of further inflation of credit and prices.

We cannot formulate any definite opinion as to what will be the future level of our own acceptance rates until we have a clearer picture with regard to the scope of our future government require-

ments, the amount and the terms of sale of United States Certificates of Indebtedness to be kept outstanding in the future, and until we know what England's discount policy will be.

It is probable that in due course our discount rates for bankers acceptances will be on a par with (if not lower than) the English acceptance rate. Whether our rate will drop down to theirs, or theirs move up to ours, or whether possibly we shall meet half way cannot be prophesied until governments and note-issuing banks have reached definite conclusions with respect to their future financial policies. It appears, however, to be a reasonable expectation that (even though we should lift our gold embargo and England should not), we may hope to be in a position to maintain an acceptance rate which will enable us to meet the British rate in world markets, and on a level substantially lower than our commercial paper rate, whatever it may be at that time.

BANKERS ACCEPTANCES AND FOREIGN TRADE

As a consequence of the war, the indebtedness of other countries to us has become such that if these foreign nations are to be kept in a position to buy our goods, we shall have to grant them credits or purchase their obligations, or other assets. We are not yet fully equipped for the placing of foreign securities on a large scale, moreover the credit of foreign governments in many cases is least well established in countries where the demand for our goods and credits is most urgent. But where government credit may be found inadequate, private credit may be of sufficient strength. People must eat and clothe themselves and certain industries in such countries may, therefore, well prove strong enough to warrant the granting of short credits involving the movements of our products to them or theirs to our shores.

American bankers acceptances may play a most vital rôle in meeting this emergency and promote thereby the all important work of reconstruction, which has been so much in the people's minds but has been so slow and elusive in taking tangible form. Our banking system has attained phenomenal strength within an unprecedentedly short lapse of time. There is a vast opportunity for American banking enterprise to go out all over the world and to enter into new relations, promoting not only our trade, and industry, but at the same time rendering vital services to the countries at present sadly in need of our help.

We may justly be proud of the spirit of enterprise shown by our banks in these new problems. The number of American branches and agencies opened in foreign lands exceeds seventy at this time, and is growing every month. They are now established in South and Central America, Asia and in Europe. In all these countries the dollar acceptance, and "dollar exchange" for which four years ago we modestly and prayerfully entreated a kind consideration, through force of circumstance have now been brought to a leading position. There are outstanding to-day, drawn in almost every part of the globe, approximately \$500,000,000 in American bankers acceptances. But this is only the beginning. Some months ago I ventured the prediction that in the not too distant future we should live to

see American bankers acceptances reach the billion dollar mark, and I have no hesitation in reaffirming that opinion.

What service the bankers acceptance lawfully may render in financing importations and exportations, not only into and out of the United States, but between all points of the globe, what steps our banks may take further to promote the use of these new American banking facilities, and the technique of drawing and making these acceptances, has been explained in a most instructive address delivered yesterday by one of the ablest experts in this field, Mr. Fred. I. Kent, Vice-President of the Bankers Trust Company of New York. His paper elaborated at length the opportunities, duties and functions awaiting in this field for not only our bankers but also our business men.

GROWING DEMAND FOR ACCEPTANCE FACILITIES

The growth of the American bankers acceptance business is likely to continue so fast that fear is expressed by some lest our available acceptance facilities may soon prove inadequate. It has been urged, therefore, that the limitations, placed by the Federal Reserve Act upon member banks of the Federal Reserve System, should be widened so as to enable these members to accept to a larger extent than the 100 per cent. to 150 per cent. of their capital and surplus, up to which limit they may accept under existing law. My own view is that we should be very careful not to overstrain the load of liabilities of our large deposit banks. Institutions often having deposits amounting to more than ten times their capital and surplus, and having invested a large portion of these funds in commercial loans involving credit risks, should consider very seriously whether it would be wise for them to add to their existing commitments acceptance liabilities in excess of the present restrictions of the law, unless, indeed, their general deposit liabilities were kept within very conservative limits. It would appear to be the dictate of banking prudence to preserve a certain safe relation between capital and surplus on the one hand and all liabilities, including those for acceptances, on the other.

ACCEPTANCE CORPORATIONS

It was in anticipation of these larger acceptance requirements that in 1916 an amendment was secured by the Federal Reserve Board authorizing banks to invest in the stock of banks or corporations primarily devoted to the foreign acceptance business. Banks of this new type, under the Federal Reserve Board's regulations, are prohibited from taking demand deposits in the United States, and are required to keep their own resources, as represented by their capital and surplus, in liquid form, as a reserve, as it were, for the protection of their acceptance liabilities. In that case, it was held that it would be a conservative and logical policy to permit these institutions to have outstanding acceptances plus deposit liabilities equal to a liberal multiple of their capital and surplus.

If, as I hope, the demand for American acceptance credits should continue to grow, the creation of additional acceptance banks or corporations would best meet the situation. Under the present rulings of the Federal Reserve Board, an additional \$50,000,000 invested in

acceptance corporations would easily provide further acceptance credits in excess of \$300,000,000.

Mr. F. Abbott Goodhue, Vice-President of the First National Bank of Boston, one of the most successful pioneers in the field of foreign banking, contributed a paper on this topic of "Acceptance Corporations."

DOMESTIC BANKERS ACCEPTANCES

It is not, however, in foreign acceptances alone that bankers acceptances will occupy a prominent place. The domestic bankers acceptance, though not of equal portent, is also destined to play a rôle of great importance. Domestic bankers acceptances may be made for two purposes: first, to finance domestic shipments of goods, and second, to carry staples, provided that in the latter case the acceptor is secured by warehouse receipts (or similar documents) conveying title to standardized non-perishable staples having a wide market. The effective use of the domestic bankers acceptance is largely predicated upon the proper development of modern and safe warehousing facilities. A paper prepared by Mr. Rudolph S. Hecht, President of the Hibernia Bank & Trust Company of New Orleans, dealt fully with that phase of the question.

Domestic acceptances are most important as equalizers of money rates all over the country. It will be easy for you to grasp the great economic service they can render in this respect if, as an illustration, you bear in mind how, during the cotton crop season, acceptances made by strong Southern firms, and secured by properly safeguarded warehouse receipts issued by warehouses independent of the borrower, would readily find way into other districts either through the intermediary of the Federal Reserve banks or through banks, dealers, or discount companies. They would thus relieve financial pressure in sections where seasonal demands might otherwise be heavy. Moreover, if acceptance facilities in such sections should become exhausted, banks in other districts could readily accept against these warehouse receipts, provided the latter are issued by warehouses responsible beyond doubt, and surrounded by proper safeguards.

OPEN MARKET FOR ACCEPTANCES

Great headway has been made during the last year in developing a freer market for acceptances; the banks have reached a much better understanding of the proper principles to be observed in this respect. The pernicious habit, originally practised, whereby the accepting bank held its own acceptances, has generally been abandoned, and to-day acceptances are being placed in a larger measure through dealers, other banks or discount corporations. Mr. John E. Rovensky, vice-president of the National Bank of Commerce, New York, gave our yesterday's meeting the benefit of his wide experience by reading a paper on "The Acceptance as the Foundation of the American Discount Market." He emphasized particularly the importance of the acceptance as an investment, both for commercial banks and savings banks, and explained how, after the redemptions of the billions of United States Certificates of Indebtedness, the banks in due time would be driven into the purchase of large sums of

bankers and trade acceptances for the purpose of using them as the most reliable secondary reserve.

This short sketch can give you only a very meagre outline of what has been achieved in American acceptance banking during these last four years; it is meant to stimulate your interest rather than to satisfy it with respect to the vast possibilities the future has in store both for the banker and the business man.

DANGERS TO BE AVOIDED

To point to the things to be done is, however, only one side of the Acceptance Council's functions: of equal importance is its duty to emphasize the things not to be done.

In this connection, I am reminded of a story I once heard concerning a man belonging to a species now soon to be extinct and to be found by our children in Webster's dictionary only, the "bartender." A man of this profession, in prehistoric times, was abandoning his position and was turning over the cash-register to his successor. "Please show me how it works," said the newcomer. "I will show you how it works," said the other, "but I won't show you how to work it."

The inference is clear. Those of us who have helped in paving the way for the Federal Reserve Act and have tried to formulate amendments for the purpose of enlarging the Act from time to time—so as to keep it wide enough to meet the country's continuously growing requirements—know how impossible it is to write banking laws tight enough to prevent abuses without at the same time crippling highly useful powers, absolutely essential, indeed, if we are to compete in world markets with nations entirely free from legislative fetters. In these countries—I am thinking of England particularly—it is sound banking sense and conservative business prudence that constitute the unwritten, but none the less very effective, law, and it should be our endeavor to follow their example. We must have laws leaving some latitude; but within this latitude we must establish our own sound business usages that effectively prevent unwise abuses. Yesterday's addresses dwelt fully on this phase of our problem. Mr. David C. Wills, Federal Reserve Agent of Cleveland, read a most interesting paper on dangerous practices in using trade acceptances.

REMEDYING ABUSES

With respect to bankers acceptances, permit me to give you just a few illustrations: it is clear that the Federal Reserve Act when authorizing domestic acceptances contemplated two kinds of credits; one—acceptances secured by readily marketable staples—but not to be secured by any other kind of goods—and two, credits to finance the transportation of any kind of goods. In both cases the law prescribes that documents—warehouse receipts or bills of lading, respectively—are to be attached when the acceptance is made. Power, however, is given to accepting banks to release documents in order to facilitate the handling of the goods. But you can readily see that abuse is possible by presenting documents at the time the acceptance is made and using these documents over again, after release, to secure

another credit. You can easily imagine, moreover, how under the guise of financing a domestic transportation lasting only a week or two, a 90-day credit might be secured, which thus might serve to carry articles other than readily marketable staples. It is evident, furthermore, how easily by this method, these acceptances may be turned into unsecured transactions; and unsecured credits amounting in the aggregate to 20 per cent. of the capital and surplus of a bank may thus be granted to one single party instead of 10 per cent. as provided as the limit for similar loans under the National Bank Act. Should the law be amended so as to prevent such abuses, or should the Federal Reserve banks and the accepting banks get together and adopt measures to stop bad practices of their own accord? I do not think there can be any doubt as to which would be the better course.

PRINCIPLES TO BE OBSERVED

Irrespective of what our laws permit or prevent, and without attempting to formulate too technical or too scientific a rule, or presuming to give any but my own personal views in the matter, we may, I believe, enunciate these principles as generally recognized sound banking ethics:

These principles should not be understood, however, as applying to trade acceptances, or single name notes, which are instruments of entirely different character.

A trade acceptance is the obligation of a purchaser to pay to the seller the price of goods bought; it represents, as it were, a loan of goods.

The loan on single name paper might be held generally to represent a loan of cash; while the bankers acceptance is to be considered as a loan of credit. The bank granting an acceptance credit it not expected to advance cash; the customer is enabled to secure cash on the strength of the bank's credit, by the sale of the acceptance in the domestic market, or abroad as "exchange," and he is under contract to put the accepting bank in funds in ample time before the acceptance matures. No cash outlay on the part of the acceptor is thus involved.

As compensation, the acceptor receives a commission commensurate with the length of the credit and the risk involved.

Bankers acceptances ought never to be used in order to finance permanent investments, or for the purpose of furnishing working capital, or for providing funds for speculation in securities, staples, or other articles.

Bankers acceptances are primarily designed to finance goods in course of transportation and in their various stages from origin to final distribution.

Staples in warehouses may properly be considered as constituting a temporary stage between production and distribution (but it is a dictate of banking prudence that such staples, to be the basis of domestic acceptances, either be under a contract of or awaiting reasonably immediate sale or delivery into the process of manufacture, and that they never be carried as a pure speculation).

Goods in course of production in foreign countries under a definite contract for subsequent transportation, may be considered as offering a legitimate basis for bankers acceptances, even though the

products may not yet be ready for shipment when the bill is drawn.

But care should be taken in all these cases that the proceeds of the goods will liquidate the credit if the sale of the goods takes place before maturity of the acceptance.

A reasonable number of renewals of acceptances are legitimate if, for good and valid reasons, disposal of the goods cannot be completed within the period of the first credit.

Where documents are released, the title to the goods, wherever possible, should be preserved; in any case a moral hold, if no other, ought to be maintained to this extent at least that, before the acceptor is paid, title to the goods should not pass into the hands of other creditors and if the goods are sold the proceeds should be applied to paying off the acceptor.

Bankers acceptances drawn in certain foreign countries for the purpose of furnishing dollar exchange are justified where they are to be considered as anticipations of drafts expected to be drawn within a reasonable time for the purpose of the transportation of goods in course of production (e. g.: crops). The law provides that they may be drawn for the purpose of "furnishing exchange" in countries where the customary means of remittance is the 90-day bankers acceptance.

Bankers acceptances ought to show by some reference on the face of the bill the nature of the transaction financed, as in England, where the bill generally refers to invoices, letters of credit, or bills of lading, as the case may be.

Acceptance risks ought to be properly distributed; it is bad banking to grant too large an acceptance credit to any single party, no matter how good its standing.

It is bad banking to grant unduly large acceptance credits on any single kind of collateral.

Bankers acceptance credits ought to be taken only from banks and bankers of undoubted standing and of national reputation (and in the case of foreign drafts, of international reputation).

Acceptances ought to be made and sold for the benefit of the drawer, not for the accommodation of the acceptor.

The acceptance business, in many respects, is similar to insurance business. There must be a proper appreciation and a wise distribution of the risks involved. There must be a premium corresponding to the risk, and a recognition on the part of the insured that he is taking a serious chance in dealing with companies that are weak, or disregard sound business rules.

VOLUNTARY ADOPTION OF SOUND PRACTICES

These are illustrations of principles that I believe the business and banking communities ought clearly to recognize, and firmly establish and enforce. There is no doubt about their ability to do so if the Federal Reserve banks, under the guidance of the Federal Reserve Board, cooperate. The power vested in the Federal Reserve Board to declare acceptances as eligible or ineligible for purchases or rediscounts by the Federal Reserve banks gives them a practically unlimited control over the practices to be encouraged or permitted in the development of the usages of granting, drawing and selling bankers acceptances.

The field is new, however, and still unexplored in many corners. Unanimity as to the soundest principles and habits does not yet exist. Our problems will require certain adaptations of European practices to our own needs, and the best methods will have to be developed by careful study and common counsel.

The American Acceptance Council hopes to be able to do its full share in this work. It has established a relationship of close cooperation with a committee appointed by the Federal Reserve Board tilling the same ground. Together we hope to bring about a clearer understanding of the necessities of the case, to ascertain the best banking opinion, and then to make recommendations with respect to principles to be observed, usages to be adopted, rulings to be made, and, if required, legislation to be enacted.

The sounder and the more effectual the unwritten law of good practices adopted and enforced by common consent, the less the necessity for the Federal Reserve Board or Congress to regulate business by rigid laws and rules.

INDIVIDUAL AND NATIONAL THRIFT

In closing, I should like to suggest to you a thought closely related to this question of wise or unwise use of credit and very much in my mind.

It has occurred to you, no doubt, how intimately connected at this time is the question of government financing and thrift with the problem of interest rates, safe banking and credit. Every substantial citizen of the Union has become the owner of government bonds, and contributes, somehow or other, to the gigantic funds flowing into the government in the form of direct or indirect taxation. No one can escape the most inexorable form of taxation to which to-day almost every country is subjected in the form of inflated prices.

We all realize the determining influence that individual thrift will exercise in readjusting present abnormal conditions. Individual economy must make up for the vast, and in war times unavoidable, waste of the government. But it is gradually becoming clearer and clearer to the country that now, at the end of the war, individual thrift must be accompanied by economy on the part of the government, and this leads to a growing recognition on the part of many that the financial methods of our government must undergo a thorough reform and reorganization.

A body of expert credit men such as make up this Association understands more clearly than any other group of men what the lack of system in budgeting, accounting and auditing has meant in the past, and what benefits proper and advanced methods may secure for us in the future.

How much credit would you grant to a department store that left it to each chief of a section, or even a sub-section, to enter into commitments obligating the corporation without any knowledge of what expenditures are being undertaken in other parts of the business, and without any single officer in the whole organization being conversant with the total commitments undertaken, or the revenues available to meet the obligations incurred?

How much credit would you grant to such a department store if you knew that only by the joint action of two officers could pay-

ments be authorized, but that it was possible for one of them to close shop and go home without first having provided for the proper financing of the business? Or if you knew that one department could be prevented from securing most essential articles unless some salesman, entirely disconnected with the particular transaction, could secure favorable consideration for some particular transaction in which his own customers or friends at home were interested?

A NATIONAL BUDGET SYSTEM

That, substantially, is the condition of the United States. In the past the "department store" was in condition of such affluence that it did not seriously matter what each chief of a section committed himself to, or how extravagant he was. With a Federal budget, however, that now has reached unprecedented figures, and with the tremendous burden of taxation now resting upon the country, I believe that the time has come when the adoption of a national budget system is felt by all as a necessary reform to be undertaken without delay. We should have a *permanent* staff or board whose business it would be to examine and coordinate the estimated income and expenditures of all departments and bureaus, to pare down, without fear or favor, whatever is unessential so as to bring the expenditures within the scope of what reasonably we may expect to be able to raise, and, finally, to oppose extravagances, no matter what political influence they might subserve. We need a non-partisan group of judicial and independent men constituting an element of continuity and expert knowledge, at the service of every new administration facing the intricate problems of taxation, amortization and governmental borrowing.

I believe it would be most timely for this convention of credit men to devote its attention to this question of a national budget system. The keen interest taken in it by many prominent leaders in Congress makes us hope that it will be taken up in the near future. Both parties, as a matter of fact, stand committed to it. The danger, however, is that those influences in Congress, that have profited from the vicious practices of the past, will bend their efforts to emasculate any thorough legislation and to give us a budget system in name only, but not in substance. It is most important, therefore, that a group of men as here assembled, reaching all parts of the country, should fully grasp the intricacies of the problem, that it should place itself behind the movement and see to it that those representing them will hear, in no uncertain manner, what are the earnest wishes of the people.

Greater economy in our financial administration is necessary in order to bring about a proper readjustment of prices and to bring back to a more normal scope taxation, which now endangers the further development of the country.

Our future as world bankers offers opportunities which baffle the imagination. The grasping of these opportunities may mean relief to a large portion of suffering mankind, but these opportunities are so large that even our phenomenal banking strength may sooner or later threaten to become exhausted unless scientific economy is practised from top to bottom. Even the strongest is weak if he does not husband, or if he overestimates, his strength!

SECRETARY TREGOE—I wish to announce the convention committee appointments as follows:

COMMITTEE ON RESOLUTIONS

E. H. Jaynes, Chairman, Cleveland.
R. J. Prendergast, Vice-Chairman, Grand Rapids.
W. W. Orr, Secretary, New York.

E. D. Flannery, New York.	E. R. Ailes, Detroit.
G. P. Wigginton, Kalamazoo.	W. O. Hawkins, Minneapolis.
A. N. Wheeler, Bridgeport.	Eugene Stern, St. Louis.
J. H. King, Hartford.	J. N. Jensen, Fargo.
J. W. Pettyjohn, Jacksonville.	Sam Lehman, Cincinnati.
E. S. Papy, Atlanta.	Fred G. King, Youngstown.
R. S. White, Chicago.	N. Hallgren, Seattle.
L. C. Breunig, Indianapolis.	E. C. Hoe, Milwaukee.
Thomas E. Bracken, Muncie.	H. W. Fish, Huntington.
Jesse Spurgeon, Ottumwa.	S. H. Leaver, Salt Lake City.
J. K. Irvine, Sioux City.	Vernor Hall, Dallas.
P. B. Bethel, Louisville.	J. T. McCarthy, Houston.
W. H. Matthai, Baltimore.	C. J. Penrice, Nashville.
Charles A. Colton, Boston.	F. C. Hansberger, Chattanooga.
A. R. Hardt, Philadelphia.	

COMMITTEE ON NOMINATIONS

Charles Reynolds, Chairman, Nashville.
A. J. Goldwater, Vice-Chairman, Los Angeles
Henry G. Barbee, Secretary, Norfolk.

M. Weil, Lincoln.	Frank Seed, San Francisco.
H. A. Sedgwick, Duluth.	Walter Everley, Kansas City.
C. M. Freeman, Newark.	F. A. Diekmann, Evansville.
I. L. Jones, Utica.	W. A. Hobson, Fort Wayne.
B. G. Watson, Columbus.	A. S. Ormsby, Cedar Rapids.
F. O. Harris, Oklahoma City.	C. H. Armstrong, Wichita.
Frank C. Demmler, Pittsburgh.	G. A. Vincent, New Orleans.
Howard R. Slade, Providence.	H. A. Stanton, Worcester.
W. L. Robinson, Memphis.	Zeigler Sargent, New Haven.
Gladstone Wardlaw, Fort Worth.	Jacob Gazan, Savannah.
C. H. Plass, Tacoma.	C. H. Speck, Peoria.
Bert Evans, Clarksburg.	R. C. B. Adams, Albany.
W. F. Courtney, Denver.	

COMMITTEE ON AUDIT

Samuel Mayer, Chairman, Cincinnati.
L. E. Chandler, Buffalo. H. H. Humphrey, Boston.

PRESIDENT MCOMAS—The next, as you will see by consulting the program, is the conference.

From the mercantile viewpoint, this will be led by F. T. Jones of the H. W. Johns-Manville Company of Cleveland, and from the banking viewpoint, L. E. Chandler of Buffalo.

CONFERENCE SUBJECT

EXCHANGE OF CREDIT INFORMATION; ITS POSITION IN MAKING FOR SAFE CREDIT GRANTING; HOW IT SHOULD BE PROTECTED AND DEVELOPED; HOW IT MAY BE ABUSED

Address by FRED T. JONES of Cleveland, Ohio

The exchange of credit information is a comparatively modern achievement, but it has come into such general use during recent years and has proven itself of such value to the commercial world that to-day it easily holds first place in the minds of the great majority of credit men as a medium of securing reliable credit information.

Unfortunately, however, there are still some credit men who fail to appreciate its value, who are still afraid that in giving such information they are exposing sacred business secrets; in short, who still fail to realize the truth of that adage which has become almost an axiom among progressive credit men—"There is no competition in credits."

I have a lot of charity for the conscientious objector, but have little sympathy for the egotist. There was a time not many years ago when business men generally were afraid of each other—afraid that the mere mention of a customer's name meant a clew to the watchful eye of a competitor and the possible loss of a customer, but the credit man who cannot see the progress in commercial ethics which has taken place within recent years, largely due to the efforts of this great association, who does not yet realize that in exchanging credit information with his fellow credit men he receives far more than he gives and that he can do so without the slightest risk to the business which he represents is either so ignorant of current commercial history or so engrossed in his own egotism that there seems little necessity for wasting further time on him—better let him continue his suicidal practice, for he certainly cannot live much longer in the atmosphere of to-day, and await his replacement with a real live credit man.

Various methods have been and are being followed for gathering this much-desired information, chief among which are:

- 1st. Direct communication with other creditors.
- 2nd. The commercial agencies.
- 3rd. Special trade agencies.
- 4th. Round-table discussions among trade groups.
- 5th. The tabulated ledger interchange bureau of this Association.

All of these methods and systems have their value and are to a greater or less extent being successfully used.

When the direct method is followed, it is, of course, necessary

first to ascertain the name and address of the other houses selling the particular customer and this is usually done either by securing a list of references from the customer, by obtaining such list through salesmen or through the card system interchange bureau. I think that I am safe in saying that the average reference as given by the customer, if unsupported by other sources of information, is perhaps the weakest foundation upon which the credit relation can be established. This is true, not because of any reflection upon the integrity of the buyer or of the seller referred to, but because of the necessity which confronts every merchant that he maintain reasonably satisfactory credit relations with some sources of supply in order that he may be able to remain in business and because of the fact that it is perfectly natural that the merchant should give as reference only those with whom he has maintained such relations. I have yet to see an applicant for a position who could not find some friend willing to give him a clean bill of health. I have yet to know a merchant who could not find some one who could conscientiously say that his business relations with such merchant had always been entirely satisfactory.

The list of sellers secured by the salesman through a hasty glance at the goods in stock forms a far less biased source of information but is necessarily limited to those classes of goods whose source of manufacture is easily identified and is somewhat complicated by the difficulty of determining whether such merchandise was purchased direct from the manufacturer or through a wholesaler or jobber.

The card system interchange bureau is, of course, an improvement over either of the other methods of collecting the names of creditors, but there still remains, as in the previous methods, the excessive labor and expense of communicating direct with the creditors and the compilation of the data received in reply. There is this further objection to the direct method of interchange—when the seeker of the information is not personally known to the credit man of whom the inquiry is made, timidity or caution prompts him to be extremely careful about committing to paper over his signature any information of a seriously adverse nature.

Such ledger information as is furnished by the mercantile agencies is of value but is so limited in its scope and at times is necessarily so old as to detract materially from its usefulness. The special agencies meet the important element of timeliness far more satisfactorily but are so limited in scope both as to locality and line of business that they are unable, particularly with reference to those merchants who carry a varied line of goods gathered from widely scattered sources of supply, to give a full and comprehensive report.

It is not my purpose in thus hastily reviewing the various methods of gathering ledger information to condemn any of them, for all are of value and the agencies referred to are performing a splendid service in their several spheres.

However, this great Association has within itself two rapidly growing methods of interchange, the value of which are only beginning to be appreciated. I refer to the round-table verbal inter-

change within trade groups and to the tabulated ledger interchange bureau.

I have no information as to how extensively the round-table discussion is being utilized throughout the Association, but in the Cleveland association there are several trade groups which meet monthly or semi-monthly for the interchange of information and the discussion of certain credit risks. This method, of course, has its limitations in that the source of the information is confined to those attending, but it carries with it the very valuable addition of the personal touch. Based upon the absolute confidence of the representatives in each other, a full and frank discussion is entered into which frequently brings out information of great value and a composite opinion may be formed which is probably more nearly correct than that of any one credit representative. Within its limitations I regard the round-table discussion as an exceedingly valuable method of credit interchange and commend it to the various associations where its adoption seems practicable.

With all due respect, however, to all other forms of credit interchange, the properly conducted tabulated ledger interchange bureau of this Association, it seems to me, embodies all of the essential elements of an ideal method of securing this much-desired form of credit information.

1st. It is an organization of credit men, conducted by credit men for no other purpose than for the benefit of credit men.

2nd. It is nation-wide in its scope.

3rd. It embraces all lines of industry.

4th. Its reports are so tabulated as to make the information readily available.

5th. The source of the information is not disclosed.

6th. The information received is up to the minute.

7th. It is conducted without profit, consequently the cost of the information secured is less than that of any other method of gathering equally valuable credit data.

Ledger information is the most confidential information within the possession of the credit man and should be guarded as such. If given to the public in an indiscriminate manner, irreparable injury may result to the customer. Disclosed to an unscrupulous individual, it is capable of commercialization to the advantage of the few and to the corresponding injury of the many.

Ledger information is not an article of commerce which any one has a right to buy or sell. The credit information locked within your sales ledgers belongs to you and to you alone, and if imparted to any one outside your business organization should be handled with scrupulous integrity and adherence to the highest ethical principles.

The interchange bureaus of this Association are so organized that these high ethical principles must be adhered to. Controlled by the local association through men of unquestioned integrity, trained and educated to an appreciation of their confidential relations and supervised by the National office, the possibility of an ethical breach through a misuse of such information is reduced to a minimum.

One hundred per cent. interchange demands that the information be gathered from every possible source of supply. The time was when the merchant devoted himself largely to one line of goods

purchased in a single market, and in isolated cases the same is true to-day, but so large a percentage of merchants is now carrying such a variety of merchandise and make their purchases in such widely scattered markets, that information gathered from a single line of trade or within a limited territory may tell but a small part of the story.

The interchange bureaus meet these conditions admirably. Penetrating every line of trade and every market in the country, if properly developed and supported throughout this great association, they will ultimately be able to disclose to the inquiring creditor a very near approach to the actual conditions of the debtors' accounts and bills payable.

Credit information is of little value unless it is so presented that the busy credit man can grasp its full significance promptly. Most of us are very busy men and have neither the time nor the facilities for consolidating information gathered from different sources into a comprehensive brief so that we are able to catch its full meaning at a glance.

Here again the interchange bureau meets this exacting requirement. With a tabulated interchange bureau report before you, in less time than it has taken me to bring it to your attention every one of you would be able to form a comprehensive opinion of the debtor's custom of meeting his obligations. Furthermore, the fact that the subscriber knows that under no circumstances will the source of the information be disclosed, leaves him perfectly free to report fully any adverse information which he may possess.

History is a wonderfully interesting study and the history or biography of individuals or business houses is almost, if not quite, as interesting as that of nations or people, but as credit men what we are seeking through credit interchange is *present-day performance*. A history of Germany written in 1913 would not give us a very clear idea of conditions in that country to-day nor would a report on a mercantile concern showing its standing during the war prove its ability to meet its obligations under post-war conditions. Here again, the interchange bureau report meets the test. *Present-day performance is written in every line*. How the debtor is meeting his obligations *now* is the information which we are seeking and which is disclosed to us from the books of his creditors through the interchange report.

The cost of gathering credit information is, of course, an element which must be taken into consideration—though unquestionably many commercial houses are "penny-wise and pound-foolish" in the limitations which are placed upon the credit department's budget—but once more the interchange bureau meets the conditions imposed. It is hardly necessary for me to make a comparison with the general or special agencies, for there is a wide variation and so far as I have been able to learn they all greatly exceed the charges of the interchange bureaus. The reports of the interchange bureau of this Association are properly comparable with direct reports received from as many references as are found on the bureau report. An average Cleveland interchange bureau report to-day will contain the ledger information of from ten to twenty houses—some reports contain as high as one hundred references and with the

growth of the bureau the number will, of course, constantly increase. But what will it cost you to secure ten direct reports by correspondence?

Postage, outgoing and return	\$0.60
Stationery .....	.30
Stenographer .....	.70

Approximate total\$1.60

Not to mention the time of the credit man or his assistant taken for dictation and compiling the reports.

The initial cost of a contract with the Cleveland bureau is fifty dollars. I mention the Cleveland bureau only because I happen to be more or less familiar with its workings and I take it for granted that the cost is not far out of line with that of other bureaus. This contract entitles the subscriber to make one hundred direct inquiries within a period of one year, or fifty cents per report; excess reports at the same rate, fifty cents each. However, reciprocal reports are sent to all those who have contributed their ledger experience to the report, provided they so request. Counting both initial and reciprocal reports received through the Cleveland bureau during the past year, the average cost has been ten cents per report.

It may be suggested that a reciprocal report has little or no value because it does not cover a customer whose order is in question, but I am quite sure that most of you will agree with me that it is just as important that you keep in touch with the paying habits of the customer already on your books as it is to secure that information in regard to the customer whose first order is before you.

The Cleveland bureau, with two hundred and seventy-six subscribers, is to-day self-sustaining and has paid all of its own organization expense. I do not know that it will always be able to keep to this figure, but the service rendered would be remarkably cheap if it cost twice as much.

It is not my purpose nor within my province to discuss the details of bureau management. This task belongs to the interchange bureau committee, which is very ably working out the many problems which an undertaking of this character necessarily involves. Permit me to say, however, that those of you who have never studied the question—who have never spent an hour with your bureau manager and gone over with him the tremendous amount of detail involved, who have never sat with the committee as they attempted to solve the many problems with which they are confronted, have little conception of the task. It's a real man's job, and the gratitude of the Association should be extended to these men for the excellent results which have been accomplished.

My purpose in appearing before you is that I may, if possible, assist in awakening the membership of this great Association to the fact that the great majority of us *are sound asleep to the possibilities which lie within our own organization.* We spend our time and our money grasping here and there for the much-desired information as to how our customers are meeting their accounts to-day

when we have within ourselves the very fountain-head of such information.

The National Association is to-day composed of one hundred and twenty-eight local associations with a total membership of over twenty-nine thousand.

There are fifty interchange bureaus with a total of approximately five thousand subscribers. Twenty-seven of these bureaus are participating in the central bureau.

Not all of our members require interchange service, nor should an interchange bureau be established in every local association, *but every member of this Association who needs such service should be placed in position to secure it and every local association should either have its own bureau or be affiliated with a district bureau that can be reached by over-night mail.* In my opinion, it is a great mistake to attempt the organization of a bureau unless the territory affords a sufficient number of subscribers to properly support it. It is wholly unnecessary that the bureau be located within the subscriber's own city, as exactly the same service may be rendered anywhere within a district that can be reached by mail over-night and the efficiency of the larger bureau will be found to be far superior to that of the bureau which lacks the support necessary to put it on the proper financial basis. It is possible that the number of bureaus now in operation is already as large as it should be, but I am quite sure that a number of the smaller bureaus would find it to their advantage to combine their efforts with those of a district bureau and that other bureaus should be established for serving those parts of the country now wholly without such service. Instead of five thousand subscribers to interchange service out of a total association membership of over twenty-nine thousand *we should have at least fifteen thousand subscribers and the affiliation of the local bureaus with a central interchange should be one hundred per cent.* Co-operation is the foundation-stone upon which the National Association of Credit Men has been erected and it is the very life-blood of the interchange bureau system.

Years of effort have been expended in formulating the principles upon which this great movement is based. These principles have proven to be economically and ethically sound. The time has come when the great membership of this Association should seize the opportunity which lies within its grasp and make of the interchange bureau the most scientific basis for credit granting that our country has ever known.

PRESIDENT MCCOMAS—You will notice that the program calls for a representative to be sent by the Robert Morris Club. L. E. Chandler of Buffalo was selected, but I have just been informed that he has been suddenly taken ill. I do not know whether our versatile secretary will be able to find a substitute, but we will leave it to him.

W. K. HARDT, Philadelphia—May I suggest that the president of the Robert Morris Club be called upon.

SECRETARY TREGOE—That is an excellent suggestion and if Mr. Snyder will come to the platform and give us his views on the credit

interchange from the bankers' standpoint, we will be delighted to hear him and put him on the witness stand with Mr. Jones.

F. B. SNYDER, Philadelphia—The subject on which I am asked to speak is "The Exchange of Credit Information; Its Position in Making for Safe Credit Granting." I may say from the banking viewpoint that its position is paramount in making for safe credit granting. If we could have the ideal exchange of credit information, credits could be made safe with but little other information than a statement. Our mercantile agencies and our other various sources of information are only substitutes for the exchange of credit information. How that may best be developed is unquestionably forced by personal acquaintance and I do not have in mind any question but that the best medium for developing personal acquaintance is the National Association of Credit Men and its affiliated branches, by work in its committees, its boards and attendance at its conventions. The previous speaker has ably covered the topic of interchange among the mercantile interests. Credit interchange among banks is a matter of interest to but about 5 per cent. of you, so that I need not go into it, but I would like to speak briefly and at some risk of my personal safety on the subject of the interchange of information between mercantile and bank credit men.

The previous speaker used the expression that "It is present-day performance that counts." I cannot conceive of the man who would attend this convention, a mercantile credit man, who would be conducting his credit department on the age-old theory that a bank opinion is no good anyhow because a bank always speaks well of its customers and is afraid to speak ill of anybody else. If within the sound of my voice there be such a person who has strayed here by mistake, I ask him to recall the phrase of his own representative that "It is present-day performance that counts" and try it out. Please remember the essential difference between your job and mine. If an inquiry is addressed to you, you consult your ledgers and if you have had experience you state it and you can usually put it in figures and a few brief words. If you have had no experience, you say so and the incident is properly considered closed.

A bank credit department is not run on that principle. I will substitute the word "modern" before bank credit department. A modern bank credit department is not run on that principle, but is run on the principle of service, except in those few unfortunate instances where it is a subsidiary of the business-building department. If that is a matter of exchange between bank credit men, I cannot pay my compliments to the practice under my heading. Every modern bank attempts to give a reasonable answer with some information to every reasonable request that is made of it. The only thing asked is the opportunity to do it in a logical way without too much unnecessary work, and it seems to me that the logical way to get information out of a bank is to ask for it as though it were worth the asking. The practice has grown up among indolent credit men, and I feel now a good deal like the minister who preaches about not going to church to those who are faithful and attend, because I cannot think that there are any indolent credit

men here, but please carry my message to those who are, of sticking a blank form into a typewriter, filling in the name of any old bank, and usually it is the First National Bank because there is one in almost any town, signing it on the typewriter and sending it on its way rejoicing and trusting in Providence and that the credit man had a good breakfast to get a good reply.

Now I ask you if that is a reasonable thing to put up to a bank credit man. The first essential in getting good information, according to our principles of the National Association, is cooperation, the giving in order to get. Now if you want information on a credit risk, is it not up to the mercantile credit man first to get the references; if it is a new order, to get the references and consult those references instead of sending the inquiry broadcast to a bank and expecting a bank to do that job? It is a constant experience in our department in Philadelphia, which is a city of magnificent distances, to get a dozen printed blank forms in a morning's mail on concerns situated anywhere from three to seven miles from the bank, each asking if the party in question is good for twenty-five dollars. It would not cost us over two dollars and a half to answer each one of those inquiries if we did it the way we would like to do it, but if a credit man addresses any modern bank, tells what he wants, why he wants it and gives some basis on which to work, the manager of that credit department will turn over the city in order to get the thing wanted. It is a most discouraging thing when you start out from a bank in the morning to get information, to go from place to place and hear every one say, "Why, do you have that query, too?" Which means that our friend, the pernicious dragnet inquiry, is in the market. The credit man of the mercantile house was particularly ambitious that morning and instead of addressing but one bank, he addressed seven, and seven investigators are put on the job to turn up seven different varieties of information for a man who did not start right. That is not only discouraging and disheartening, but it is at times almost fatal to the credit of the subject of the inquiry.

The final phase of the topic is how credit interchange should be protected as well as how it may be abused. It can be protected by putting yourself in the other man's place, by addressing the kind of an inquiry you would like to receive if you were going to undertake its investigation personally and on the part of the recipient it can be protected and developed by an intelligent answer which gives the history of the concern, its financial standing, its bank standing, its trade standing and, if it is desired, the opinion of the man who signs the letter.

Credit interchange is abused, and I am sure the abuse is not peculiar to bank credit departments, by failing to observe the sanctity of credit information. There is no crime in the calendar that the well-trained credit man abhors more than the betrayal of the source of his information and its character. When you have two or three times had the experience of having a man on whom you have reported come to you with the letter that you sent to the inquirer about him in which you have said some things that are true enough yet you would hesitate to say them to his face, you feel an instinctive urge that exchange of credit information must be safe-

guarded, and I know of no more trustworthy method for safeguarding it than that of closing the channels to the man who abuses its sanctity. After all, outside of his peculiar brain power, the bank credit man has but very little in the way of stock in trade except his channels of information and when those are once closed his usefulness to his house ends. That is the only remedy and protection I know of for the man who violates the sanctity of credit information.

As president of the Robert Morris Club, it is my privilege to speak to you in behalf of the bank credit man. I desire that you know that we want to do a part of your work because you have done much work for us. We want to do it in the way that you want it done, to give you the information that you want and all we urge is that you ask us in a way that we may know what you want and so that we can get it for you without an undue expense on the part of our institutions. I do not have to plead with you for reciprocation because you are generous and ever ready.

SECRETARY TREGOE—We have two witnesses on the stand (referring to two previous speakers). They have allowed us just twenty-five minutes to ascertain what they do not know about the conference subject. I do not know that it will take quite that long, but we will make the attempt. Now every one on the edge of his seat so that we may make these conference subjects interesting and get out of them all that we can. Mr. Jones, of all the facilities built up for the granting of our credits, how do you rate the exchange of credit information?

MR. JONES—First.

SECRETARY TREGOE—Mr. Jones says it is first. Who agrees with him and who does not?

N. HALLGREN, Seattle—We all agree with him.

SECRETARY TREGOE—By what authority, Mr. Hallgren, do you say that all agree with him?

MR. HALLGREN—By the general silence of the assembly.

SECRETARY TREGOE—Is there any one who does not agree with Mr. Jones that credit interchange is of first rank? Now all who agree that it comes first raise your hands. Let us see how you stand. One against.

WM. TONKS, Cleveland—You are asking a question of a congregation of men composed of bankers and mercantile men. Mr. Jones is right from the standpoint of the mercantile men, but please keep in mind that from the standpoint of the banker, on account of the larger information we can receive, the banker rates the high-priced statement as coming first for giving information. The mercantile man, not being able to get as close information, rates the ledger interchange as first.

SECRETARY TREGOE—Robert Morris Club, do you agree with Mr. Tonks?

MR. SNYDER—Mr. Tonks and you are talking of different subjects. Mr. Tonks spoke of the interchange of ledger information and you spoke of the interchange of information. I hate to dis-

agree with my brother bank officer, but I must say that I do not rate the itemized financial statement as highly as he does because I believe a financial statement is only valuable as you can read it from the character of the man who made it.

SECRETARY TREGOE—Mr. Jones, having, by a large majority, supported your views, do you know of any other source or character of information which, in this highly developed credit condition of ours, can take the place of the exchange of credit information?

MR. JONES—I do not.

SECRETARY TREGOE—Does any one in the audience know of any other?

MR. SNYDER—Personal acquaintance with the risk may come very close to that. I think it is safer for the average credit man to extend credit upon his personal knowledge of the man than upon the experience of others with him.

SECRETARY TREGOE—Who agrees with Mr. Snyder, raise your hands. By a very large majority you are sustained, Mr. Snyder.

MR. JONES—I would like to raise this question on that point. If we were thoroughly acquainted with the customer and knew all about him, and that is what this personal acquaintance means, we would not need interchange of information, nor any other kind of information. This is no comparison at all.

SECRETARY TREGOE—Mr. Snyder, will you tell us what you meant by the indolent credit man?

MR. SNYDER—The credit man who wants some one else to do his work for him.

SECRETARY TREGOE—Mr. Snyder, in all of your credit experience, did you ever run across such an one?

MR. SNYDER—Not oftener than once a week, on the average. Some weeks are busier than others.

SECRETARY TREGOE—Why is it that the mercantile credit man holds in such poor estimation the information he derives from banks?

MR. SNYDER—Because his earlier experience with banks justified that opinion and so discouraged him that he has not tried to get other information since the science of bank credits has been further developed.

SECRETARY TREGOE—Do you mean to say, Mr. Snyder, that if we inquired of the bank with the efficient credit manager and inquired in the proper way, we would get the proper information?

MR. SNYDER—I so mean to say.

SECRETARY TREGOE—Why is it, in your opinion, that so many inquiries made of banks fail to produce the proper information?

MR. SNYDER—First, because they are not properly made, and again, because they are not addressed to banks that recognize modern credit interchange.

SECRETARY TREGOE—What do you mean by not being properly made?

MR. SNYDER—That they do not state what they desire to know; they do not state their own experience; do not indicate the information that they have so that the bank may know the information it is to seek.

SECRETARY TREGOE—Do you have a suspicion that the bankers here are with you?

MR. SNYDER—Well, I hope they are not against me.

SECRETARY TREGOE—Mr. Snyder, do you mean to tell us that the credit man in a mercantile house should inquire differently of a bank than he does from a fellow mercantile credit man?

MR. SNYDER—In essentials, yes.

SECRETARY TREGOE—What do you mean by essentials; will you explain it for us?

MR. SNYDER—There is a fundamental difference between the basis on which mercantile and bank credit departments are run which I tried to indicate. A mercantile man inquiring from a bank man desires a somewhat broader knowledge both as to history, as to financial standing and as to the bank's experience. It is a discouraging thing to get at a bank from a mercantile credit man, a blank form asking for your ledger experience. You do not know just what it means, there are so many kinds of ledgers in his bank.

SECRETARY TREGOE—You mean to tell us, Mr. Snyder, that in inquiring of a bank, too many of the credit men fail to observe the proper rules of inquiry?

MR. SNYDER—I have not stated the proportion, I do not say "too many."

SECRETARY TREGOE—Quite a number?

MR. SNYDER—Quite a number, I regret to say.

SECRETARY TREGOE—Mr. Snyder has brought out that the ordinary inquiry form that you use for a mercantile credit department is not applicable to the bank. Is that correct?

MR. SNYDER—Yes, sir. I have attempted so to state.

SECRETARY TREGOE—Now I want to ask Mr. Jones a question. Mr. Jones, in your opinion, is it possible to abuse this system of exchanging credit information?

A MEMBER—I would like to ask, Mr. Snyder, if the banks follow the regulations in asking credit information of the mercantile credit men that they lay down for the mercantile credit man in asking for information of the banks?

MR. SNYDER—If it is the right kind of a bank the answer to that is yes. If it is an intelligent bank the answer to that is yes. If the bank really wants to get the information the answer to that is yes.

A MEMBER—How about the mimeographed forms?

W. K. HARDT—The mimeographed forms do not come from the credit department; they come from the new business department of the banks.

SECRETARY TREGOE—Now, Mr. Jones, will you answer the question I put? Will you please tell us what are some of the principle abuses against the system?

MR. JONES—There are a good many ways in which we may abuse this system of interchange. We can abuse the system of interchange by a lack of integrity in the first place, by which I mean a lack of real confidence in the treatment of the information. I think that is the principal method by which interchange may be abused.

J. L. MCWHORTER, Nashville—I want to ask if it is not an abuse of the exchange of credit information to use it as a basis for the solicitation of business?

MR. JONES—Absolutely so in my opinion. I do not think there is any question at all but that so far as this interchange of ledger information is concerned it ought to be absolutely divorced from the sales department. I have never known a conscientious credit man to take into his confidence the sales department nor to develop business through the interchange of information which he has gathered.

J. J. HEDRICK, Tampa—I would like to ask Mr. Jones what he would do if an inquiry on one of the Association's regular banks, written on a typewriter without either an original or amount or ledger experience being shown was received?

MR. JONES—I would throw it in the waste-paper basket.

MR. HEDRICK—That is what I do.

J. W. RIGSBY, Spokane—I would like to ask Mr. Jones what he would do with an inquiry written on the regular Association's blank coming through with the amount given as a first order but bearing the postmark of the town that the recipient of the blank lives in, though the order referred to is to a house in some eastern city. In other words, the inquiry is sent in by the salesman.

MR. JONES—I would turn it down absolutely. It comes under the same point we covered a moment ago. That goes to the waste-basket.

E. R. FREY, Terre Haute—I would like to ask Mr. Jones what he would do with an inquiry on the Association's blank form from a party who had never had any experience with the merchants inquired about.

MR. JONES—The blank does not state that there is no experience or no order. That goes to the waste-basket along with the rest of them.

CLARENCE BRADEN, Louisville—I would like to ask Mr. Jones what he would do with the envelope if this inquiry comes in, properly filled out, accompanied by return envelope with a proper stamp on it? Does it all go into the waste-basket? I think perhaps the

thing to do is to write him a roasting letter and enclose it in his envelope.

T. M. NESBITT, Birmingham—I would like to ask Mr. Jones at this point if it is good business ethics to send any man's inquiry for credit information to the waste-basket? Permit me to state that I think such procedure is wrong.

SECRETARY TREGOE—What would you do with it?

MR. NESBITT—I would answer every one that came to me, whether it was in proper form or not. I would use the Association's blank and refer him to his local association to get the right information.

MR. JONES—I think that is fine southern hospitality, but we do not do that up north. My reason for not doing it is simply this: We have been carrying on this course of education among credit men for years. It seems to me that it is about time that a live, wide-awake credit man should know what the ethics of interchange inquiry are. If a man does not receive any reply at all, it seems to me that he will soon wake up. It is hardly my province to put him through the school at this late day on how to make his inquiry.

VERNOR HALL, Dallas—I want to know if we have been considering this matter from a selfish viewpoint. I want to know if a retail merchant's record does not belong to a retail merchant as a part of his business assets. When we refuse an inquiry that comes into our office, are we not doing the customer a great injustice regardless of what the other fellow might have done in making his inquiry and making it in the right way?

MR. NESBITT—I want to ask if it is not proper that we treat a man's communication with respect even though he has not made it in the right way? When we stop educating, we might as well close up entirely.

J. J. O'REILLY, Seattle—I would just like to ask one more question. Having consigned three classes of inquiries to the waste-basket, I would like to ask Mr. Jones if a credit man addresses an inquiry to him in the proper form stating that he has no first order and no experience, but anticipates doing some business, how would he treat that inquiry?

MR. JONES—No, I would not throw that into the waste-basket. The credit man you describe has been frank about the position he has taken. He has stated clearly just why he has made the inquiry. He has been perfectly honest. I should be just as frank and just as honest with him and tell him that under the circumstances I do not feel that he is entitled to the information.

H. F. PAVEY, Indianapolis—I would ask whether credit men do not too often delegate the sending of these inquiries to bookkeepers or assistants without giving them proper education as to their treatment?

MR. JONES—I think there is no question about the answer to that question. Either the credit man himself, who is supposed to know the ethics of his business or profession, should answer these

inquiries or if he delegates that authority, he should delegate it to some one who has been properly instructed.

R. J. PRENDERGAST, Grand Rapids—I have been interested in the remarks and I would like to ask Mr. Snyder what kind of a letter he would suggest writing to a diplomatic country banker?

MR. SNYDER—Well, it depends on what kind of information you want from a diplomatic country banker. If it is credit information, my own experience is that if in writing to an out-of-town banker, you tell clearly what you want to know, you are apt to get as good or a better reply than you do from a great many large city banks. Of course, the country banker is a little gun-shy. The business of his customers has been sought so hard by inquiring city banks that he is naturally suspicious when he gets a credit inquiry. You have to tell him the truth and tell him what you want. Then he will give it to you.

PHILIP OSBORNE, New York—Suppose I wrote you a perfectly good letter and asked whether a certain party were a continuous borrower and whether or not you hold any kind of security, and you write back a long, polite letter and tell me a lot, but do not answer my question. Should I make further inquiry of you?

MR. SNYDER—You should come back at me and ask for the information. I hope you will not have to, but that is what you should do.

SECRETARY TREGOE—The two witnesses have done splendidly and are dismissed.

PRESIDENT MCCOMAS—We have always been much interested in the activities of the American Bankers' Association and I will now introduce to you the president of the American Bankers' Association, who resides in Atlanta, Ga. He will address you at this time.

SOME OF THE THINGS THE THINKING MEN OF AMERICA MUST NOW CONSIDER

Address by ROBERT F. MADDOX of Atlanta, Ga.

Mr. President, Ladies and Gentlemen:

I greatly appreciate the honor of being invited to address the National Association of Credit Men and take pleasure in extending to you the greetings and cordial good wishes of the American Bankers Association. In the battle for business you occupy the first-line trenches and the banks are but reserves in the rear upon which you call for supplies and reinforcements when needed. We can only advance when you go forward and we realize that it has been largely through the wisdom and courage of the credit men of this country that the commercial progress and prosperity of our nation has reached that commanding position which now astonishes the world.

It was largely through your efforts that the wheels of commerce moved during the war at a speed never before equalled. You generously responded to every call of the government and your credits were so wisely placed among your customers that the banks

were able to accept for discount, with confidence, the paper you offered and there were practically no failures throughout the United States. While it is true that it is much easier to extend credit and make good collections on such an advancing market as we have witnessed during the past few years, than it is in normal times or in the days which we are likely to experience in the future, I feel sure that with the wide experience you have had, with the cooperation now existing between the credit departments of all lines of business and the spirit of brotherhood which has been developed by this Association you will be able to exercise the same good judgment in the future that has won for you an enviable reputation in the past.

The events of the past four years have not only changed the map of Europe but they have changed the trend of thought throughout the world. In the whirlwind of this great struggle, there has been caught up the destinies of all mankind. No nation is too large, or none too small, not to have felt in some measure the shock of this great war even though some may have been far away from the bloody battlefields.

It will likely be sometime before the real balance can be struck and the net results of it all definitely measured. In the meantime new nations will be born, new trade routes established, new national friendships and alliances developed and millions of men will enjoy for the first time the opportunity of having a voice in their government and playing an active part in the affairs of their own country.

We are at present sitting "between the acts" of the greatest drama in history and no one can tell exactly how it will proceed. The Divine Author alone knows, and in His own good time we shall watch it unfold and see many of the actors in the tragic scene just ended play new and interesting parts on the world's stage as the performance goes on.

We believe that here in this great country we can catch the inspiration of what is to come, because the traditions of our past are in harmony with the motif which rose above the din of battle and filled the air with notes of freedom and justice.

For more than a hundred years our country has been the beacon light of the world and to it the oppressed of all nations have looked with longing eyes and hopeful hearts. We can, therefore, rejoice that when the time came for us to prove worthy of the place we had won as the sponsors for Liberty and Justice we measured up to our fullest responsibilities and now that our battle flags are furled and our millions of brave sons are victoriously returning home, we can look back and contemplate with satisfaction the results of the war and our participation in it.

As patriots we would first measure the cost in our casualties which reached nearly 300,000 and 70,000 of our own boys now sleep beneath the sod in France. These heroes, living and dead, have won with their blood the priceless victory, have added glory to the cause of Freedom and have raised the high flag of our nation in the estimation of the world.

The 4,000,000 men who donned the khaki and navy blue, ready to die if need be, deserve a place in our hearts which time can never remove. Their valor we must never forget, but the soldiers and sailors did not do all to win the war. There were heroes in this coun-

try who contributed a great deal towards the success of the war, who did not wear the uniform, nor keep step to martial music. These heroes were among the bankers and business men of this country who furnished our government with the necessary money and supplies to bring the war to such a quick and successful conclusion. The efforts and courage of these men are no less meritorious than the efforts of those whose part it was to fight with shot and shell. When the full history of our participation in this great war is written some of its brightest pages will record the splendid patriotism of the bankers and business men who gave so freely of their best efforts properly to equip our nation with all that was needed to win the war.

Hon. Cordell Hull of the House Ways and Means Committee has estimated the total cost of the war to the United States to July 1, 1919 as \$30,205,000,000. Since we entered the war, including the Victory loan, the government has issued \$21,475,000,000 bonds. Secretary Glass has stated that the Victory loan will be the last bond issue offered to the public and it is presumed the difference between the bonds issued and the cost of the war will be covered by taxes, in anticipation of which Treasury certificates will likely continue to be issued.

It is safe to assume that, generally speaking, profits have never been as great, nor business, as a whole, as satisfactory as that which we are enjoying to-day. It is interesting to know that the commercial failures in this country during the past three months have been lower than in any month in the past twenty-five years. Our bank clearings are higher than ever before and out of sixty sessions of the New York Stock exchange there have been forty days in which there were transactions in more than a million shares of stock. With our splendid agricultural prospects, with easy money and enormously expanded industrial facilities, with one-third of the gold of the world and a well-tested and satisfactory banking system, with matchless resources in timber, minerals and manufactured products, with a relatively small war debt against assets of more than \$250,000,000,000, our situation has no parallel in the history of the world.

There has been much said and written on the future trend of prices in this country. The level at which prices have been maintained since the armistice has surprised a great many people. It was generally thought that there would be quite a drop in prices at the conclusion of hostilities, but prices have remained remarkably steady and the present indications are that they will not likely decline much in the near future. As Prof. Irving Fisher said, "To talk reverently of 1913-14 prices is to speak a dead language to-day." With food prices being held up on account of the enormous demand, with labor seemingly able to command and receive wages at war levels, with business good in nearly every line, it would seem as the Comptroller of the Currency recently said, "The commercial, industrial and agricultural enterprises throughout our entire country can proceed with their plans for the present and the future with unprecedented confidence and assurance."

I believe that owing to the conditions of the nations in Europe with war debts of more than \$150,000,000,000, with an annual interest charge of \$7,500,000,000 and the certainty of high taxes, there will be much less danger of cheap labor competing with America

than ever before and the general level of high prices will continue for some time.

Another factor that has contributed to high prices and is likely to maintain them is the enormous amount of paper currency issued during the war. It has been said that there was more paper currency issued during the war than the value of all the gold and silver mined in all the world since the discovery of America.

Standing on this high point of prosperity we would do well to review briefly some of the other situations here and throughout the world which may affect us in the future. It must be admitted that there is a general unrest among the laboring classes in every nation. We have perhaps felt it less in the United States than elsewhere, but it is a question which might well be placed in our liability column, considered calmly and faced with courage. Even here, we are now experiencing several serious strikes, accompanied by loss of life. In many cases the wages are not the cause, but minor and much less important reasons are given and unfortunately the rights of the public do not seem to be considered. The recent damnable bomb plots in New York and Philadelphia which failed through no fault of the murderous conspirators, should double our efforts to see that the seed of this Bolshevism does not sprout again in this fair land. If we are to survive as a great democratic nation we must speedily stamp out that doctrine which disregards laws and property rights.

We must consider the 33,000,000 people in the United States who are either foreign born, or children of foreign parents. It will be necessary for us to see that these people receive more consideration than we have given them as citizens in the past. We must use every effort to have them understand us better and educate them to better and broader citizenship. Millions of them do not read, write or speak the English language. More than twelve hundred newspapers are published in the United States in foreign languages and circulated among this class of our population. There are many national and racial organizations here that are not in touch with the purpose of our government. They must be taught these principles and their members urged to use intelligently their right of franchise.

We must recognize the rights of all classes of our people to liberty of thought and action, but they must be taught to understand that such liberty does not mean the disregard of the rights of others.

Since the outbreak of the European war our exports have grown by leaps and bounds until our foreign trade this year ending July 1, will equal, if not exceed, \$10,000,000,000. The balance of trade in favor of this country before the war was about \$500,000,000 per annum; this year it will be nearly \$3,000,000,000 and our total foreign trade balance since the European war began will approximate \$11,000,000,000. In order to settle these balances the world was drained of its gold. We brought back something like \$2,500,000,000 of securities held abroad and loaned our allies \$10,000,000,000.

Now that the war is over the question arises, how will it be possible for us to maintain business in this country at anything like its present high speed without continuing to export our products in large quantities? And if we maintain our exports, how are we to receive payment for our sales?

During the war foreign exchange was pegged and arbitrarily maintained at about the normal basis. A few weeks ago this peg was withdrawn and exchange on England, Italy and France declined rapidly. To-day the merchant in Italy in purchasing dollar exchange with which to settle his purchases here, is forced to pay for each dollar, \$1.53. The merchant in France to settle his purchases in dollars exchange is required to pay for each dollar, \$1.22, and in England the merchant in order to complete a similar transaction is required to pay for each dollar, \$1.06. You can see at once that this virtually amounts to a protective tariff against our goods in Italy of 53 per cent., France 22 per cent. and England 6 per cent. On the other hand, it means that the American merchant with his dollar can buy goods in these countries at a big discount. These countries, however, are making no effort to improve this situation because they realize that they must now conserve their resources as best they can. It is necessary that importations be restricted to only what may be urgently needed until their own industries can be reestablished and they can begin to furnish merchandise with which they can offset their adverse trade balances.

Another difficulty in resuming the normal flow of merchandise throughout the world is the delay England, France and Italy are having in getting their own plants started again. The transportation systems have been shattered by the war and it is difficult for factories to receive their raw materials or transport their finished products. Their internal and domestic credits have also become very much disturbed by the war. In addition to this, there are strikes and labor unrest throughout all of these countries; millions of men are refusing to work and it is almost impossible to begin even the approach to normal business.

Another thing that is causing business to hesitate in these countries is the enormous war taxes about to be levied. The amount of this taxation necessary to amortize their national debts, pay interest on the same, provide funds for pensions and the support of the wounded will bear a tremendous and as yet unfixed burden upon business. We can, in a measure, appreciate the disturbing effect of such pending taxation, for we have seen in the past year the effect of heavy taxation on our own business in the United States, the difficulties of its uncertainty and the ramifications of its application.

While it is true that our splendid resources in men, money and material make us the most favored nation in the world these assets at this time bring with them great responsibilities and our future prosperity will largely depend upon the wisdom with which we now lend a helping hand to the rest of the world.

I dare say that each of you, in times past, has experienced the necessity of extending liberal credits to concerns which were sound, but for the time unable to meet their obligations; and by so doing, you have collected your debt, made a better customer and developed trade which proved profitable.

That is the situation which confronts us to-day. We have the goods. We have the credit, but owing to war conditions in Europe we can no longer sell to these countries on a cash basis, and if we wish to keep our factories and our mines running, our farms in full operation, our labor well employed, we must make up our minds

that there is not enough demand in this country to take all our products and if we sell our surplus we must sell it on credit.

The only credit of this kind which has recently been placed in the United States is the credit extended to Belgium of \$50,000,000 for the purchase of goods in this country. It will be necessary for similar credits to be established in practically all of the war-ridden countries and it is hoped that the bankers and business men who are now considering this important subject may evolve some plan which will prove satisfactory to all concerned and facilitate the continuance of prosperity which we are now enjoying.

I am glad that the President has at last called an extra session of Congress and hope that some of our serious domestic problems will soon be solved. As transportation is so important to the commerce of our country, I hope that the railroad question, which is now having the attention of Congress, will be solved in a satisfactory manner, so that these great properties may be put back under the operation of their owners and again become vital factors in the development of our country.

If there is one thing which stands out prominently in our internal affairs during the past two years, it is that the government has not demonstrated its ability to handle business matters in an economical manner. In its management of the railroads, telephone and telegraph lines, the service has not improved or the properties operated in a more economical manner than under private ownership.

There may be some doubt in the minds of some men as to the necessity of the government taking over the railroads during the war, but there is no doubt in the minds of any one that it was absolutely necessary for the government to take hold of the shipping problem and undertake the task of rapidly constructing a merchant marine which was so badly needed. Two years ago we had so few ships that the American flag on the high seas was a curiosity, but in a statement made by Chairman Hurley of the United States Shipping Board, March 27, 1919, he said: "At the time of the signing of the Armistice we had 341 shipyards practically completed and a total of 1,284 launching ways. This is more than double the number of yards owned by all the rest of the world combined." He also said: "The United States government now owns 555 ocean-going steel cargo ships aggregating 3,385,475 dead-weight tons. In addition it has under contract 1,336 smaller vessels of 9,275,000 dead-weight tons. If our present program is carried out, there will be under the American flag next year 16,732,000 dead-weight tons of ocean-going steel cargo and passenger ships. This fleet will be the equivalent of almost half the merchant tonnage which plies the seas to-day under the flags of all nations combined."

I understand that since this statement was made, the Shipping Board has cancelled several orders for ships, but they will undoubtedly continue construction until we have a fleet of which we can be proud, and whether these ships are to be operated by the government, or under private control, never again will we be dependent upon the competing nations to deliver our goods throughout the world.

With the expansion of foreign trade, there has arisen the necessity for the enlargement of our banking facilities and the bankers of

this country are fully alive to the great possibilities which seem to open with the era of peace. As an evidence of this the incorporated banks of the United States have already established 127 branches in foreign countries and many more branches will be established in the near future. In addition to these, there are various trading companies transacting some banking business who have opened up many foreign offices.

I predict in the next few years that our American banks will be as well known in the leading cities of foreign countries as the long-established branches of European banking houses and the dollar exchange will play an important part in financing the world's trade.

The war has broadened our vision in many ways. It has broadened the vision of the two million men who sailed for France and came in close contact with the spirit of the war. It has broadened the vision of the merchant who saw his trade expanding and broadened the vision of the manufacturer who speeded up his plant to meet the government demands and found greater capacity for production.

It has broadened the vision of our exporters who have sold our goods in many new lands. It has broadened the vision of the laborer in the shop and the man behind the plow.

It has broadened the vision of the banker as he patriotically cooperated with the government in furnishing the necessary funds to keep the wheels of commerce moving, and saw how easily the practice of thrift brought increased savings deposits and helped to buy government bonds. It has broadened the vision of the women of our country as they so splendidly labored in the Red Cross work and other similar enterprises and it seems as if their dream of the ballot will soon come true.

The war has broadened the vision of our nation as a whole and as it has widened the field of our operations, we must realize that it has broadened the realm of our responsibilities. Let us hope that all of our citizens have been helped by being drawn closer together in a noble cause and that in the future we will be guided alone by what in our hearts we believe to be for the good of mankind and the glory of our Great Republic.

PRESIDENT MCCOMAS—I wish to thank you sincerely, Mr. Maddox, for your address.

The next number will be the report of the Committee on Credit Cooperation, H. A. Butterfield of Savannah, Ga.

Mr. Butterfield presents the report of his committee as follows:

REPORT OF COMMITTEE ON CREDIT COOPERATION

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Cooperation was the mystic principle that brought great progress to the affairs of the nation and proved the foundation of its credit structure. So generally used is this word, however, in relation to credit work and the technique of credit departments, your committee

fears that the real elements of cooperation have not been understood and appreciated as they should. While there is a unanimity of approval for the principle of cooperation in credit granting, yet the principle is far from being uniformly observed.

During the year just closed your Committee on Credit Cooperation had no particularly serious problems to attack, being concerned almost alone with the two features of credit work where cooperation can most protectively and usefully be displayed, that is, in the interchange of experiences and the treatment of insolvent or involved estates.

Were the question asked directly what feature developed, advocated and urged by the National Association of Credit Men for safety in credit granting was of ranking importance and indispensable to the defense of the credit structure, the answer would be expected—interchange of ledger experiences. Of all the cooperative features of credit work tending to the building up of skill and safety, credit interchange unquestionably occupies first place.

Recognizing this and pronouncing it unreservedly in our report, your committee wonders, therefore, why some credit departments indulge practices that will injure the system and fail either to note or to adopt, if recognized, the reasonable rules for interchanging ledger and credit experiences that have resulted from years of study and are warmly approved by the Association.

It were short-sightedness for a credit department merely because of inconveniences and the labor involved to decline furnishing information to other credit departments when the information is asked for according to the proper rules of interchange, and every earnest effort should be made to change this policy wherever it is found to control.

It is truly axiomatic that freedom of interchange between credit departments under reasonable safeguards with equality and fairness, is necessary to the selection of safe credit risks and the avoidance of unnecessary bad-debt waste. Your committee would send this message to every credit department that fails to recognize the economic value of this law, with the hope that every barrier may be broken down and a unanimity prevail with credit departments in the defense of a cooperative system upon which our enormous credit structure has been built and the removal of which would tend to its decline.

Difficulties offer when inquiries are made of banks, and recognizing that certain features must be conserved in this form of interchange between mercantile credit departments, the recommendations made by your committee of last year are endorsed sincerely by your present committee—that inquiries of banks should not be made on the form customarily used for inquiries of mercantile credit departments, that it were better to write and ask the information in each instance indicating accurately the reasons for the inquiry and the inquirer's experiences. The rule adopted by some individual banks and bankers' associations to charge for credit information is uneconomic and in the judgment of your committee indicates a complete lack of understanding and appreciation of our credit system. Banks proposing and adhering to such a rule are violating the principles of cooperation and failing to take account of their own dependence

upon the experiences of mercantile credit departments that may not be assembled direct by them but is assembled frequently by their correspondents located in central cities. Your committee advocates a strong attack upon such an arrangement and its eradication if we are to enjoy the cooperative privileges which ought to control among credit grantors and conserve the stability of our credit structure.

Your committee would emphasize some important principles to govern the interchange of experiences and inquiries for such purposes:

1. **ACCURACY**—The reply should always contain accurate information.

2. **CERTAINTY**—The system should not be burdened by promiscuous or unnecessary inquiries. It should be used in a common-sense fashion and defended against anything that might tend to its depreciation or injury. The inquiring department should know to a reasonable certainty that the department inquired of has had experiences with the buyer, and should not inquire if the order happens to be very small and information is obtainable from other directions that would sanction its execution.

3. **RECIPROCITY**—Reciprocity is an indispensable principle of credit interchange and inquiries not bearing the experiences of the inquirer or indicating that they are made on a first order, with the accurate amount of same, are deserving of no consideration. This principle is not observed sufficiently with our credit departments, and though it entails some trouble, yet it is a necessary and an indispensable principle and must be cultivated if we are to defend the interchange of experiences against abuse and have it used in the most profitable and reasonable way.

4. The interchange of credit information is a confidential procedure, and should be so regarded by both departments. The information received should not be divulged to any one through whom a leakage might occur—even to the sales department of a house if there is any danger of the information seeping through to the merchant reported upon.

5. This feature of the credit department should be entrusted to responsible assistants, not to irresponsible clerks. It is too important a feature for any one but properly qualified members of an office staff to undertake.

6. **PROMPTNESS**—Inquiries should be answered immediately or within a brief period after their receipt. This is very important in the treatment of the inquiry and the defense of the interchange service.

Passing on the second important feature, that is the exercising of cooperation in the treatment of insolvent or involved estates, your committee is not required to present proofs that credit managers frequently act along individual lines without any regard for the rights of other creditors, and seek to protect themselves no matter what the cost might be to others. This is done despite the fact that conclusive experience shows that individualism is an unwise and expensive process and that wherever cooperation controls and creditors

operate jointly, and for their equal protection in the treatment of insolvent or involved estates, better results accrue to all and the debtor is treated usually with more fairness.

We cannot submit or recommend any rule or pronouncement that might correct this glaring defect in credit practices, but we would emphasize again that herein lies the protective power of co-operation as it may not be found in other features of credit work, and if all credit grantors, credit departments and credit managers were gripped uniformly by the cooperative principle when interested in insolvent and involved estates, much waste attending the liquidation of such estates would be avoided and more satisfaction and control in the experience of the credit department where composure and common-sense are so difficult to maintain.

Cooperative action, uniformly, consistently and eternally exercised will be the token of great progress in the credit field and in the reduction of the avoidable bad-debt waste.

At the close of this report your committee begs to offer the following resolutions:

I

Resolved, that the National Association of Credit Men in convention assembled, emphasizes strongly the value of cooperation in credit practice and for the control and domination of credit grantors in all the delicate and serious features attending the opening and closing of accounts.

II

Resolved, that the National Association of Credit Men, in convention assembled, earnestly recommends to its members and all credit grantors the observance of a free interchange of credit and ledger experiences, in conformity with the rules and principles enunciated and advocated by the Association for the control of such interchange.

III

Resolved, that credit departments be requested earnestly to uphold and defend the interchange system in all of their practices, to have it conducted by responsible assistants and to conform with the several principles set forth in this report.

IV

Resolved, that the plan agreed to by certain banks and bankers' associations to charge for credit information be emphatically condemned as uneconomic, uncooperative and in violation of the cardinal principle of the interchange system upon which has been founded largely our credit structure.

V

Resolved, that all credit managers shall be urged to cooperate with one another in the treatment and adjustment of insolvent and involved estates so that individual action may be avoided, individual efforts restrained, and joint action encouraged, from which better results can be expected for all interested, and more satisfaction and justice to all concerned.

VI

Resolved, that the National Association of Credit Men, in convention assembled, recommends earnestly to the incoming Board of Directors and the Committee on Credit Cooperation a further enunciation of the cooperative principles in the two important features of credit granting, namely, that of opening and that of closing an account and that publicity be given through every available channel and every effort advanced to encourage cooperation and avoid individual action to the end that unnecessary bad-debt waste be reduced by cooperations.

Respectfully submitted,

H. A. BUTTERFIELD, Chairman, Savannah Supply Co., Savannah, Ga.

VICE-CHAIRMEN

C. H. COLEY, Howard Bros. Mfg. Co., Worcester, Mass.

T. R. HILLIARD, Miner-Hilliard Co., Wilkes-Barre, Pa.

W. C. SHERMAN, Albany St., Dayton, Ohio.

FRED EINECKE, Miller-Parrott Baking Co., Terre Haute, Ind.

S. H. KING, JR., American National Bank, Tulsa, Okla.

W. C. PITTS, Pitts Shoe Co., Montgomery, Ala.

J. E. SWEENEY, Waterloo Elec. Supply Co., Waterloo, Ia.

H. YAEGER, Great Falls National Bank, Great Falls, Mont.

WM. YOUNG, R. G. Dun & Co., Portland, Ore.

I move the adoption of these resolutions.

PRESIDENT MCCOMAS—You have heard the resolutions. What is your desire?

Is there any objection to voting on these resolutions and the report as a whole?

ALBERT M. HOFFHEIMER, Cincinnati—I should like to see them handled separately. There are one or two suggestions that I would like to make.

PRESIDENT MCCOMAS—In that event, we will vote on resolution Number One if you are ready for the question.

MR. HOFFHEIMER—I should like to ask the meaning of the phrase in Number One, "for the control and domination of credit grantors in all the delicate and serious features attending the opening and closing of accounts." I do not understand that.

MR. BUTTERFIELD—You wish to know the meaning of that? We wish here to emphasize the necessity of cooperation in securing the information necessary in opening an account as well as closing it. We like to close an account properly with a check and it is necessary that we receive complete and full information before opening the account.

MR. HOFFHEIMER—Who is doing the controlling and dominating?

MR. BUTTERFIELD—The credit man.

SECRETARY TREGOE—May I supplement that? I should say to Mr. Hoffheimer, in supplementing the words of the chairman that the words control and domination mean that cooperation shall control and dominate the practices of the credit grantor in those two delicate features of opening and closing the account. That cooperation should control and dominate him in those two features.

Resolutions 1, 2, 3, 4, 5 and 6 were then adopted singly.

Vote is taken. Carried.

PRESIDENT MCCOMAS—Now we will entertain a motion to adopt the resolutions and the report in its entirety.

Motion is made that the resolutions and report be adopted as a whole.

L. J. BRADFORD, Cincinnati—There has been considerable said here to-day about banks charging for information. Now, there has been no remedy suggested whereby banks will cooperate with mercantile houses. Would it not be possible to have a committee appointed by the National Association to confer, perhaps, with a similar committee of the American Bankers' Association to attempt to eradicate misunderstandings?

PRESIDENT MCCOMAS—We must not get away from the question that is before the house. I thought this would be a good time to lay down the bars and let us have a little open discussion, but if we are going to appoint a committee to confer with the American Bankers' Association, we must refer back to our subject. I think perhaps we had better vote on the question. Are you ready for the question?

Carried.

Now your suggestion is in order. Would you mind stating it again?

MR. BRADFORD—As I said before, there has been much said to-day about banks charging for information. Now, the thought I had in mind was that a committee be appointed by the National Association to confer with a committee of the American Bankers' Association to attempt to eradicate the evil of charging for information.

We have all had the experience. That is the reason I feel so bitter about it. I addressed an inquiry to a little bank of a little town out in Indiana. I say little because I think that is the truth.

I might state beforehand that my inquiry was in due form. I wrote asking for information about a party who had endorsed a note. I asked them to give me some information about him in order to be able to tell whether or not the endorsement amounted to anything. My letter was sent back with a little sticker with the legend that the laborer is worthy of his hire, and, therefore, if we would send twenty-five cents, they would be glad to give us the information. I did not send the twenty-five cents. I think something should be done to see whether or not such a practice cannot be eradicated.

H. F. PAVEY, Indianapolis—I would like to know where that little bank was in Indiana.

MR. BRADFORD—Mishawaka.

MR. PAVEY—I might say that the South Bend association has already taken action on the matter and has passed a rule to make charges on inquiries sent to the bank. We are going to thresh that out and see if the Association will not revoke the rule which has recently been passed.

This matter, however, will be taken up through the South Bend association and Indianapolis will be glad to communicate with the South Bend officers to see if it cannot be straightened out at Mishawaka, which is a suburb of South Bend.

Adjournment.

MORNING SESSION

Second Day, Wednesday, June 11, 1919

The session of Wednesday morning was called to order by President McComas at 9:30 o'clock. In the absence of the Rev. Dr. H. Lester Smith, Secretary Tregoe offered the invocation.

PRESIDENT MCCOMAS—I will now introduce Victor Robertson of St. Paul, who will, as chairman, give the report of the work of the Adjustment Bureau Committee.

Mr. Robertson here presented the committee's report as follows:

REPORT OF COMMITTEE ON ADJUSTMENT BUREAUS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Committee on Adjustment Bureaus has taken pleasure in observing carefully the operations of this department and in reaching several conclusions on its economy and value that are embodied briefly but unreservedly in this report.

The Adjustment Bureau as a credit man's own instrument for the liquidation and economic treatment of insolvent and involved estates cannot be questioned as to its possibilities, and yet only a small proportion of these possibilities have been realized. The reasons are, perhaps, that local associations of credit men organizing and operating adjustment bureaus have not realized sufficiently the relations of skilful management, careful supervision and ample financial support to success, and the credit manager has not appreciated the increased advantages and protection that may be realized from the constructive service which the well-managed and skillfully conducted adjustment bureau is able to furnish.

The adjustment bureau has been regarded almost exclusively as an instrument for the liquidation of insolvent estates by friendly procedure and arrangement and the observation and control of bankruptcy cases, but in the judgment of your committee the adjustment bureau should enlarge its facilities and be able whenever called upon to supply good advice or service to credit departments for the scientific treatment of accounts that have not reached the insolvency condition and are merely in delinquent shape.

The adjustment bureau as a general practitioner in the credit field, always at the command and service of credit departments when they are confronted with difficult problems, can perform a function of great value to credit work in saving of unnecessary failures and the reduction of the bad-debt waste. Your committee hopes sincerely that the vision may expand and after a while that adjustment bureaus may generally be performing these functions.

The past year may be regarded as one of increasing influence for adjustment bureaus within the restricted field pointed out in foregoing paragraphs, and there have been added nine to the official calendar, with a total of sixty-four recognized adjustment bureaus when this report was prepared.

There is no uniformity of operation among adjustment bureaus and probably cannot be because of differing conditions in the various trade districts of the nation, and your committee must acknowledge that on the Pacific Coast where the idea probably had its origin, the adjustment bureaus are more generally supported and are conducted with greater breadth and care of supervision than are the bureaus in other districts. Those operating in the Northwest are deserving of sincere appreciation and support, and when on the Atlantic seaboard the efficiency and economy of adjustment bureaus are recognized and supported to the extent that bureaus receive in other districts, much benefit will result and there will follow a closer welding together of the credit departments of the nation.

The general rules adopted and recommended by the officers and directors of the National Association of Credit Men, under authority granted by the Kansas City convention, have played a very important part in the stabilizing of the adjustment department and in the bringing about of efficiency of management and supervision, and while there are some bureaus operating locally that have not conformed with these rules and therefore are not officially recognized, yet your committee believes that it were much better for all, and especially for the operating association, to meet the requirements of the National Board and have at least official recognition throughout.

Skill in management, honesty in administration and carefulness in control and supervision are the conditions of success and confidence for this department, and nothing is of greater importance than the entire organization.

the complete meeting of these conditions in every adjustment bureau recognized officially by the National Association. To neglect the conditions and fall short of them in any feature of management and control merely courts failure and embarrassment. Admitting too small a proportion of support from the membership at large, it appears strange to your committee that this is so when there is no reasonable question of economy and expedition provided skill and care control the bureau's operation. To build up the support of the membership and win for the deserving bureaus a proper proportion of cooperation are some things to which the National Association through its literature, and succeeding committees on adjustment bureaus, should address themselves and it may happen after a while that some form of involuntary cooperation may be considered advisable as is required in the charter and by-laws of some of the bureaus of the far west.

Whenever a bureau undertakes to liquidate an estate by friendly procedure every creditor, especially members of the Association, should immediately conform and give all possible assistance to the bureau in its liquidation work. Where claims have been placed with attorneys in advance of insolvency or liquidation, they should be withdrawn and filed with the bureau or the attorney directed to cooperate with the bureau. Claims so placed should not be permitted to interfere with the operations of bureaus in friendly adjustment cases or what they may undertake to do in the control of bankruptcy cases. The management and fiscal affairs of all bureaus should be absolutely open to the entire organization, criticisms should be courted, and no manager or operating association should decline to

receive graciously and consider carefully constructive criticisms relating to the bureau's work, or regarding any case within the bureau's control.

Here is a fiduciary department of the National Association, and with the same openness that controls fiduciary institutions in the proper sense, so openness should control the affairs of adjustment bureaus, just as was advocated in the foregoing paragraph. We repeat this here because confidence is built up through openness and the reception of criticisms, and nothing must be left undone to win friends and supporters for the bureau and make the department realize rapidly its best possibilities.

The National Board has been exceedingly reasonable in exercising the powers granted to it by the convention at Kansas City, and while recognizing the reasons for this attitude, yet your committee advocates warmly the completest control by the National Board within the granted powers, and from a belief that confidence will become stronger and completer when members of the Association recognize that the management and supervision of adjustment bureaus are under careful supervision of the National Board and the National office. It is but a token of common sense and good judgment in the opinion of your committee that nothing but constructive progress may be anticipated under the careful supervision and protection of the National Board and its representative, the National office.

It were desirable could a field man be installed under the supervision of the committee and the National office for the building up of adjustment bureaus, and we recommend to the Board the installing of such a member of the Secretary's staff as soon as the finances of the Association justify.

All associations numerically large enough should organize and operate adjustment bureaus. Where the membership is not sufficiently large or interested to organize and operate an efficient bureau irrespective of cost, then it were well for several associations to combine and operate joint bureaus. The district idea for the bureaus offers economies of operation and extension of support that might not be accomplished in the bureau of a single local organization. We sincerely believe that this is a department to which the National Association can give a good proportion of its efforts and support, and believing also that when its utilities as a liquidating instrument and its possibilities as a preventive instrument are recognized more generally by credit managers, its influence will grow rapidly and yet without competing in the fields where other instruments of service are operating. Your committee begs to offer the following resolution:

I

Resolved, that the National Association of Credit Men, in convention assembled, reaffirms the belief of former conventions that the adjustment bureau when skilfully managed, honestly administered and carefully supervised is an instrument of economic service for the liquidation and treatment of insolvent and involved estates, and an appeal is made to the entire membership of the Association that more support be given to this department and

thereby greater cooperation expressed between credit grantors in the handling and closing of difficult accounts.

II

Resolved, that while the liquidating powers of the adjustment bureau have been presented and are generally recognized, this convention recommends earnestly that the bureaus qualify to serve and advise with credit grantors in situations where wise and cooperative action may save failures, the fact being recognized that a large proportion of the bad debt waste is avoidable.

III

Resolved, that the National Association of Credit Men, in convention assembled, urges all associations operating adjustment bureaus to demand skill in management, honesty of administration and supervise carefully their affairs and practices so that efficiency may be guaranteed and confidence and support built up in proportion to the economy and dispatch displayed by the bureaus in their work.

IV

Resolved, that the officers and directors of the National Association of Credit Men be and are hereby urged to follow and observe carefully the operations of all bureaus officially recognized by the Association, that they offer constructive criticisms, insist upon skill and honesty in management, careful supervision and the expression of every principle of operation and control that will guarantee efficient work and demonstrate the economy and value of this department.

V

Resolved, that the ways and means be considered carefully by the officers and directors of the National Association of Credit Men for the installing of a field representative as a member of the Secretary's staff, to assist in the development of this department, in the same form and manner that provision has been made for the Credit Interchange Bureau Department.

VI

Resolved, that in the sincere conviction of this convention, credit departments frequently fail to act with wisdom and prudence in the handling of difficult accounts and in assigning the responsibility for their adjustment to others, when as a matter of fact the adjustment bureau if available to the credit grantor should be consulted with and the bureau be put in a position to give the proper advice, and through this procedure reasonably adhered to and consistently maintained, losses be avoided, debtors oftentimes protected, and much more general satisfaction and better results assured.

Respectfully submitted,

VICTOR ROBERTSON, Chairman, Finch, Van Slyck & McConville Co., St. Paul, Minn.

VICE-CHAIRMEN

HORACE M. PECK, Turks Head Building, Providence, R. I.
C. M. STAUFFER, Eberts Grocery Co., Bethlehem, Pa.

C. M. LEWIS, Lewis Chitty Co., Jacksonville, Fla.
H. F. ELAM, Elam & Lorraine, Huntington, W. Va.
H. A. CLEMENT, Studebaker Corporation, South Bend, Ind.
I. W. LOVE, Geller, Ward & Hasner Hardware Co., St.
Louis, Mo.
T. C. BURDSHAW, Doster Northington Drug Co., Birmingham, Ala.
H. C. STRINGHAM, Electric Building, Billings, Mont.
E. G. LEIHY, Blumauer-Frank Drug Co., Portland, Ore.

MR. ROBERTSON—I move the adoption of the report and resolutions as a whole.

PRESIDENT McCOMAS—You have heard the report and the resolutions. What is your pleasure regarding this matter.

Mr. Robertson's motion was duly seconded and passed without discussion.

PRESIDENT McCOMAS—You have disposed of this subject in short order. We had allotted a little more time to this discussion because I had an idea that many of you would like to offer suggestions or make remarks. However, we will proceed.

Without any attempt to explain to you who the President of the Chamber of Commerce of the United States of America is, I will introduce to you Harry A. Wheeler of Chicago.

ADDRESS BY HARRY A. WHEELER, CHICAGO, ILL.

Mr. President, Ladies and Gentlemen of the National Association of Credit Men:

I was thinking as I sat on the platform this morning of the first meeting of this Association which was held in Toledo, and which I had the privilege of attending. I don't know how many years ago—that is, I have stopped counting birthdays long since—but I venture to say that it was something more than twenty years ago. I am told by your secretary that it was twenty-three years ago. It came to my mind because of this fact, interested as we have all been in organizations, we must look back to the facts that twenty-three years ago organizations of interests, trades and communities and others were, as a matter of fact, only at the beginning of their activities.

Since that time industries without number have created organizations for their own special interests. Communities like this city have organized their boards of commerce and associations of commerce and chambers of commerce. National organizations have resulted by the federation of these many interests and so the organization scheme of American business has evolved steadily, but it was not at the time that this great organization was originally planned given its birth. So you have, in my judgment, much to congratulate yourselves upon for your pioneering in the field of organization and having breasted all of the difficulties that result from getting men federated in a common purpose. You have, through these twenty-three years, steadily increased your influence as you have increased your numbers and become a great factor in the business life

of this country, particularly dealing with the subjects that come under your special interests.

Besides the fact that I had the pleasure of being at your first, or your organization meeting, I recall also that the last meeting of this organization which it was my privilege to attend was in this city twenty-one years ago.

Now I have the great privilege of meeting with you again, to talk with you again about some of the things that we are all interested in. This is particularly a delight because if I have been able, through the administration of the Chamber of Commerce of the United States, to accomplish a federation of American business, it has been, in part at least, and in no small part, the fact that opportunity has been offered to study federations like your own that have functioned harmoniously and usefully and satisfactorily during nearly a quarter of a century of this country's history.

Your officers were good enough to leave the subject that I might speak upon an open subject. I have looked over your program. It is a remarkable program from the standpoint of the speakers who will address you and the subjects to be covered. It seemed to me, therefore, that it would be desirable, for since your last meeting you having joined the Chamber of Commerce of the United States, to talk with you, not about specific problems that lie close to your own immediate interests, but rather to call to your attention certain general problems fundamental to this period of readjustment and fundamental to our national welfare, concerning which you must, with the great strength and influence of your association, concern yourselves and take part in solving.

The problems of American business lie in two definite fields: one the field of international adjustments and one of domestic adjustments. It is utterly impossible for us to solve our home problems and solve them permanently and wisely if we do not take into account our responsibility with respect to the problems that are worldwide.

Not so many years ago we felt ourselves, as a nation, more or less isolated, unentangled and able to conduct our affairs as we chose for our own home interests and did not feel it our responsibility to conduct our affairs in a manner that would make for bettering the conditions of the world as a whole. Conditions over which we had no control forced us out of that isolation into the position of a world power where we must, whether we liked it or not, whether we desired it or not, play the game with all of the nations of the world and take into account their influence upon our welfare quite as much as we must take into account our influence upon theirs.

So, we entered into the European war not because we desired other than peace, but because the world was threatened, because two high ideals that were implanted in our blood, the ideals which were represented by our flag made it necessary for us to resent an attempt of an autocratic power to impose itself upon the world welfare and to dominate where it should only have been a party to a general agreement. In the face of the abuses that resulted, in the face of long suffering exercised as no nation has ever exercised long suffering, before striking the blow, we quietly endeavored through-

out those three years to stay the tide of war and to remain outside the conflict, and to impress upon those who were in conflict with each other the necessity of arriving at an understanding, until finally it became evident that there could be nothing of that kind happen without the striking of the final blow, and that blow must be struck by the power and the resources and the man strength of this United States of America. So, the blow was struck and although we may not take unto ourselves any more credit than is actually due for the hastening of the termination of the war, we have the satisfaction of knowing that it was because of our resources that Germany's morale went down, that it was because of our men that the German army found itself against a force that would not stop at any barrier.

That page has been turned. We are all well satisfied with what was written upon it, and the international relationships which must necessarily follow the endeavor to reestablish peaceful relations in the world are as difficult, yes even more difficult than many of the problems that confronted the country in its time of war.

I regret, personally, more than I can state the disposition in many quarters in this country to quarrel with the effort to arrive at a treaty that will assure as nearly as any document the making of peace in the world. We do not delude ourselves with the idea that any paper or any agreement among men is an absolute assurance that war will never again occur. But, we have the right to demand after this great catastrophe that has come to the world with its overturning of all of our economic conditions that at least there shall be a point where nations must stop and consider the result of precipitating a conflict with each other, for the world is so inter-linked as we have learned in these last four years that unfavorable conditions anywhere react upon us all and conflict anywhere brings conflict even in the midst of those most remote.

The world has reached a time when there should be laid down an international policy if not an international law, and as a precedent that will not be broken save under conditions that make it absolutely necessary to break it, that nations shall stop and ponder what will happen if they exercise their sovereign right to fight with each other and that the influence of such a conflict upon the world is such as to make it not only undesirable but unthinkable that free action should be taken and that sovereignty should be exercised to the harm of all countries of the world.

It is for that reason that we have the need to consider our international relationships. Shall they be embodied in the League of Nations? You are going to determine that. When that question finally comes up for settlement in this country, you will determine that.

To my mind there is a responsibility resting upon American business, for American business is all-embracing, that will say in the final vote upon that question whether the world shall be saved from itself or whether blood and right and destruction shall continue through the generations that are yet to follow ourselves. And, if we fail in our responsibility, if we do not study this problem not from the standpoint of selfish interest, but from the standpoint of world interest, we will be guilty of doing that thing which will brand our time and our generation as unworthy of the opportunity presented

it, in that it shall pass down to the generations to come conflict instead of peace, and shall not hold up those ideals which are implanted here and for which this blessed flag of ours has always stood.

Now, we have over on the other side men who have gone across in the interest of this organization which is yourselves, this Chamber of Commerce of the United States, who since last December have been closely studying in small groups the situation as it now exists and as it has existed in Paris and in the war zone. They have not been a part of the peace conference. They have not been official advisers of the peace conference. They have not been invited as such nor did they go across as such, but they have watchfully and thoughtfully and conservatively been considering things that have been taking place over there and reporting back to us here concerning the movement of events both political and economic and giving us the reflection of a civilian point of view with respect to the effort that is being made to bring about this great peace.

It is no violation of confidence for me to say to you that I have yet to receive through the Chamber of Commerce or its representatives on the other side the first thought of criticism over the things that our American interests are trying to do in Paris. But, on the other hand, this is the substance of the word that comes by cable and by letter day after day and week after week:

"You would be proud if you were able to observe the conservatism and the care with which the interests representing America in Paris are trying to bring about a solution of an exceedingly difficult political and economic situation."

Those efforts are not always met with approval at home as we know, neither are they met with approval abroad because as the world comes to us there is a great misunderstanding among the countries in Europe with respect to the ability of the United States of America to do many things that they think we ought to do and to support many things that they think we ought to support.

Out of it all there comes a little bitterness here and a little bitterness there, a misunderstanding of our resources and of our ability, a misunderstanding as to what we can support and sustain through the years that will follow the introduction of this peace treaty as a finished document. There are heartburns that must come because men and nations have suffered untold loss and untold agony and they cannot be expected to see through our eyes nor through conservatism the things that are transpiring to-day and the things that must be fundamental to the adjustment of affairs throughout the world.

But, in spite of that, this is the repeated story: our representatives are doing the best that human brains and patience can do to bring about a favorable result and when the clouds have been blown over and when the animosities are a little less keen than to-day, when the heart action is just a little softened, when the loss has been repaired in some respect, then this great country of ours, through these representatives who are struggling as men have never struggled to bring about a condition of unity and harmony, will stand forward as having represented that which is for the best interests of all the world; and gratitude will again come to the United States of America where now criticism may sometimes appear.

It is not going to lie solely with the United States Senate whether those who object to provisions of the present peace treaty or to the League of Nations shall or shall not have that adopted in the country. Their vote must finally count, but they are the servants of the people. The people have a mind on this question and unless that mind is diseased by unfortunate expression and by holding up dangers that are imaginary and not real, the people of this great country, peace-loving, will stand almost to a man for the solution that will mean as nearly as possible universal peace and the absence of conflict.

Now, the economic problems are quite as difficult as the political problems. These same reports that come to us speak with some bitterness of the belching smoke from the factories of Germany, and the windowless, roofless, machineless buildings of Belgium and Northern France. We may sometimes grow restive under important embargoes that are erected by European countries in their effort to restore certain of their industrial activities.

In this, as well as in their efforts to acquire their old-time markets and to do sometimes those things that we do not approve of in their effort to secure the trade which once was theirs, but which more recently has been ours, or which we think may be ours in this time of dawning peace, we are inclined to consider our selfish interest rather than the interest that we should and must take in bringing about quickly that reconstruction in Europe such that anarchy and bolshevism and all of the ills that come from riot shall no longer possess those unfortunate countries.

Important embargoes may be imposed. They interfere with our shipments, yet here is the word that comes constantly from the other side: while it is true that our shipments are interfered with, our trade somewhat retarded as a result of these embargoes, nevertheless, these countries desire so far as possible to rebuild their industrial life, to rebuild their plants, to reestablish their industrial future out of those resources which are their own, to create all that they can of the means and instrumentalities for the resumption of industrial activity rather than paying to us, under conditions that disturb exchange and destroy their buying power still further and tend to destroy the incentive for speedy reconstruction of their productive facilities.

We have, therefore, to take into account the necessity of their rebuilding over there and to be generous in our criticism of embargoes that may temporarily, at least, interfere with the free course of our trade in Europe, for we ourselves have a vital interest in that resumption of industrial activity. We know that failing to resume, failing to create, failing to give employment, failing to find the means of livelihood other than those that are dependent only upon the bounties of government will arouse in those countries a constantly increasing wave of red and that wave of red is just as sure to be reflected in our own conditions at home, for any ill that comes to any country in any part of the world ultimately finds its reflection to a greater or less extent in our own land.

We would, therefore, defeat the effort of riot and anarchy. It is ours to feed; it is ours to give credit; it is ours to enable those abroad to build their industries; it is ours to share with them gener-

ously the world trade and to take our part and to trust to the future to get that which we may have foregone in order that more speedily peace and quiet and harmony and brotherliness may come again into the world.

If we fail in that effort, we are again in the economic field failing to show that for which our country has always stood—generosity, humanity, brotherliness toward all people.

The second problem of which I wish to speak is a domestic problem. To my mind, it ranks very closely in importance with that of establishing right international relationships. It is the question of the measure of control that the government is to assume as a permanent function over the services and the industrial life of this nation.

Mr. Warburg quoted to you an old Roman saying that during war law is silent. You have realized that fact during the period of the European war and particularly during that part of the period in which we participated. During our participation there was no longer prosecution under the trust laws; there was no longer the raising of embargoes against industries and units of industries associating themselves together; there were no longer embargoes against the industries agreeing as to the styles that should be manufactured and offered for sale, the materials that should be used in construction, even the markets that should be divided during the war—law was silent.

You know, without my recalling to your thought, the silence of the law, in truth, the encouragement given by the government to business men to associate themselves more closely together and in cooperation bridge a difficult period with respect to labor and materials and money. Was the public in the slightest degree violated by such association? Your answer, I believe, would be unanimously that during that period of association under government advice and encouragement there was greater stability in price, greater unity in our country, greater stability with respect to all of the necessities of life as well as to many of the luxuries, than has ever been had in our history.

Why was it? It was because American business was in the war. It was because American business bent itself to every request that was made by the government. It was because American business refused to profiteer even though it had the opportunity, and exercised the broadest generosity with respect to its functioning in the public interest, and the public interest was thereby conserved. Witness to-day prices of the necessities of life in this time of peace as against the time of war. When the restraints and the machinery of the Food Administration were discarded, what happened? The indexed figures of the food of this country give the answer. As in that field of necessities of living, so in commodities generally, prices have mounted instead of decreasing, and we have marketed those products which we had in stock or were making, not at sacrifice prices of an after-war period, but we have found that our reserves for depreciation have become actually additional working capital and that prices have either remained reasonably stable or as in many cases have advanced to quite a remarkable extent.

The measure of the control of the United States government

over industrial operation as well as over the services that have to do with commerce is one of the important considerations which as business men we must take into account. The law is no longer silent. War is over. The Department of Justice has already given its dictum with respect to this same measure of cooperation that existed during the war. We must find new ways and means of coming together. We must find ways of conserving public interest and at the same time associating ourselves upon lines that will be soundly economic.

If the measure of control and of direction of government over industry and services of commerce that existed during the war continued, we should have had here a paternalistic government, the like of which no country under the sun has ever seen. Now, there is a tendency to retain these elements of control, at least to a certain extent. Elements of control retained in the form of regulation and of supervision are right and proper and should be encouraged, but elements of control that will enable the United States government to step into the place of independent private initiative in industry and endeavor to control production and distribution would be one of the saddest things that ever happened to our country.

Yet, unless we are guarded and careful and conservative ourselves, that condition is almost sure to result. Witness the discussion with respect to the control of the government over certain functions of the packing industry. If it is incumbent so to control that commodity which is a necessity of life, how long would it be before all of the staple basic commodities manufactured in this country might come under similar control? How long would it be before that great American principle of private initiative, courage, operation, reward for industry and reward for courage and ability would be segregated from the actual operation of business and we would become a nation of servers to a government which would control with the inevitable result that private initiative which has so far driven forward American commerce and made it the greatest in the world, would gradually decline and subside? Our history would have been written insofar as its most glorious day is concerned.

We have, therefore, as business men squarely to face this fact: government control of industrial operation should not be permitted, but government regulation and supervision in the public interest must be encouraged and that regulation must be built up not by commissions politically inclined but must be built up by such commissions as may be appointed under the advice and the careful and conservative thoughts of American business men who will aid in choosing the personnel of commissions that shall regulate and supervise and that shall lay down with these commissions the policies and the procedures which shall dominate their supervision and regulation of our industrial life.

Equally true is it with respect to our transportation facilities. Those great factors in American commerce would be nothing, taken over entirely by the war, presently to return to private ownership. But, under what conditions? If the problem of the measure of government control over industrial operation is important to our home affairs, then the measure of and the manner of control of our

federal government over our transportation service and facilities rank equally with it in importance and stand upon the same plane.

This week in Atlantic City in the labor meetings that are taking place, they are considering government ownership. They are not unlikely to vote in favor of it, probably believing that the best interests of the working classes of this country lie in the government control of that great service which employs so large a number of men and affects every life, rather than in the hands of the private interests with whom labor may have to deal.

Since December we have been sitting in Washington working on the transportation problem in a joint commission that has included American labor as well as all of the other interests affected by transportation. We have found that labor's expressed desire that the government shall own our instrumentalities of transportation is largely because they feel that there will be no further pyramiding of securities, no increase of the capital cost per mile for railroad construction of our country, that rates may be held more stable, and that the earning power of the employee may be greater if there is behind the ownership the power to tax for deficits and the power to retire securities that have long since been issued and are coming gradually to a point of maturity only to be refunded under private ownership rather than to be retired.

But, take this home to yourselves: that out of a conference of thirty-four men representing every interest affected by transportation upon all of those questions that deal with the future ownership of our facilities and that deal with the legislation by which they shall be returned to private control, the greatest number of votes that could be mustered in favor of government operation was one out of thirty-four and the greatest number of votes that could be mustered for government ownership and private operation of our transportation facilities was four out of thirty-four.

The significance of it all lies in the fact that these men who were voting for the return to private ownership were not the railroad executives or the bankers, but the farmer, the shipper, the social service expert and all of the elements that enter into our society. In my judgment, so far as the question of government versus private ownership goes in the solution of this transportation problem, this nation has already decided that and so far as the people at large are concerned, they are not content that there should be a federal ownership but rather that the old private initiative should be restored at the earliest date that it may be safely done.

But, while we are a unit on that, let us remember that the problem is how the roads are going back? You could not turn them back to-day without receivership. You must build a new control, a new supervision, a new regulation, a new valuation in order that railroad credit may be reestablished and extensions of service may be made and conditions be so remade out of the government control that we shall no longer suffer from those conditions which existed prior to the taking over of the lines by the federal government.

That is the problem that concerns your organization. Within the next few days you shall have the opportunity of reading the referendum of the Chamber of Commerce upon that question, the

remedial legislation that is there proposed. It is for your organization to indicate your wishes on those broad lines as laid down as to the character of remedial legislation that will restore railroad credit or without violating the shipper will put the roads back in the condition where they may be extended and where service may be competitive and conditions may be free and fair for the development of that great service which underlies American commerce instead of throttling it as would ultimately be the case if the rails remained in government control or if these roads were turned back without the rehabilitation of the railroad credit that was lost in those years of folly when rates were so far denied as to make utterly impossible either the extension of the roads in their service or their safe operation. The generosity of the people of this country must be forthcoming so that whatever is necessary to pay as a rate of return upon the actual fair investments in railroad properties used in the public service, that rate we must pay even though it may be an increase over the present high and, as some of us feel, exorbitant rates of to-day.

There is no less the need for consideration of our overseas transportation than of our rail transportation. There is no less need for consideration of our waterway development than there is for the resumption of proper control of our transportation facilities by rail. There is just as much need for the development of our highways as for our railways. And all of them linked together as factors in this great problem of transportation constitute the transportation net of this nation which under American business guidance and control can be made to serve the people of the country and of the world at large, if we are wise in our determination as to the measure and the character of government control that will solve these problems.

The third problem which I wish to refer to only in passing, and the last, is that of industrial regulations. Here are the three that I set before you as being those fundamental things which no private interest concerned with commerce can succeed in building as an interest for their own safety and welfare unless in the foundation of this new economic structure that we are rearing shall be found right international relationships, right relationships between our government and the services of commerce, and right relationships between those who work and those who employ the worker.

In the last night's paper the report is made that at Atlantic City warning was given that old reactionary controls such as existed prior to the war can no longer exist. I think we all believe that and yet the minute that we enter into the realm of industrial relations we are entering into one of the most complex problems that trouble the American people to-day or that trouble the people of any country in the world. It is not, after all, an industrial problem as measured by the control of the worker in the mill or the factory. It is the problem of industrial relationships in the bank, in the wholesale house, in the retail house, wherever men are employed or give their services for pay, wherever men use their capital to carry on a business and employ men and give them a means of livelihood—there this problem presents itself. We cannot say that because certain conditions in the manufacturing lines demand certain treatment

of the industrial problem, therefore those who are engaged in the settling or distribution, and not in the creation, should have no word to say with respect to the solution of this problem, because the problem in my bank is just as serious a problem to me as the problem in your factory or in your wholesale house or in your retail establishment is to you. And ultimately we must come to solve this problem by cooperation with the interests that are vitally affected.

If there is to be no return of the old reactionary, autocratic method which controlled in the relations between employer and employe, then mark me, there must also be no return to the old strong-arm methods that constituted the power of the other side. That day that marks the setting aside forever of the autocratic control and gives us instead the willingness of the employer to confer with his employe to discuss his own welfare as well as the welfare of the business must mark the time when the sympathetic strike shall not turn this country over to riot, shall not destroy the comfort and welfare of the people, shall not constitute a conspiracy against the people of this nation. The hopeful thing that I see in it is this—while it is true that these two conditions must obtain, and that there must be legislation against the broadening of the strike riot to a point that will produce what we found ourselves up against in 1916, when the railroad brotherhood, exercising its power, threatened to tie up the entire traffic of this country, while that power (I say) must be abridged by law, and our power as employers must be abridged against the autocratic method of closing our doors and locking out our employes, nevertheless, we must remember that to-day there are in both camps the conservatives and in both camps the reactionaries, and in the camp that has to do with the welfare of the laboring man there is as much uncertainty and distrust and fear of the reactionary as there is in the camp of American business—the undesirable thought that our reactionaries may after all overturn all effort at cooperative relationships between these two great interests. As a matter of fact conservative labor and conservative industry are nearer together to-day than conservative industry and radical industry, or conservative labor and radical labor.

Now I am finished. I call to your mind again to lodge there these three great fundamental conditions which underlie all American prosperity, and for which American business is responsible. American business is responsible because it has its federation as you have yours in your particular field of action. You are a part of that federation and the reason I am bringing these problems to you for your consideration is in the hope that you may not sidestep the responsibility. This great organization with a membership second to none in the United States must exercise its influence and determine its vote and state its case and insist upon the solution that shall be in the welfare of the whole country and of all the world. If you do not do this, then you are closing the door or you are building a barrier around your institution, great as it is in its service to your own interests, but denying it the option that it may have of extending its influence throughout the whole world and of helping to solve these problems that involve our own safety and our own prosperity, but that also spell safety and prosperity for the world because the economic problems in which the United

States of America must lead can stand only next to those political problems that our boys settled when they went over there. Clearly, we have now to do with the solution of these great problems which will be the example for other countries. If we do not solve them right, we shall fail to sustain those boys of ours who gave their lives for political freedom and we shall doom the world to an economic autocracy if we do not bear our responsibility rightly.

SECRETARY TREGOE—I will announce the Membership Trophy Committee: J. L. McWhorter of Nashville, chairman; M. E. Garrison of Wichita, H. D. Carter of Atlanta, J. W. Sprague of Minneapolis and C. L. Couzens of Des Moines.

PRESIDENT MCCOMAS—The conference subject this morning will be led by I. W. Love of St. Louis. The subject is "Economy and Science in Handling Insolvent and Embarrassed Estates, and the Application of the Friendly Adjustment Plan." I take great pleasure in introducing Mr. Love.

CONFERENCE SUBJECT

THE ECONOMIC AND SCIENTIFIC HANDLING OF INSOLVENT AND EMBARRASSED ESTATES AND THE APPLICATION OF THE FRIENDLY ADJUSTMENT PLAN

By I. W. LOVE, Geller, Ward & Hasner Hardware Co., St. Louis.

To the Officers and Members of the National Association of Credit Men, in Annual Convention Assembled:

I have been invited to address you on the subject of "The Economic and Scientific Handling of Insolvent and Embarrassed Estates and the Application of the Friendly Adjustment Plan."

In my opinion the Adjustment Bureau affords the most advantageous means of handling insolvent and embarrassed estates. The bureau is the product of the credit man after many years of most earnest study by a great number of our able members. It is the business department of the credit men's organization and affords the best means of handling such estates that up to the present time has been established. It has been said, it is the credit man's own instrument for the liquidation and economic treatment of insolvent and embarrassed estates.

The service that the bureaus can render depends almost entirely on the extent to which members patronize them. If they are patronized generally by the membership they will be enabled to control most of the business failures and thereby make a great saving in the bad-debt waste, which, in my judgment, would mean millions of dollars to the credit grantors of this country.

The adjustment bureau is officered and equipped by trained men in this particular line of service, enabling the bureau to handle a large number or all of the claims against an estate with much less expense than if these accounts were scattered and handled by a number of collection attorneys and agencies. It appears to me we can all agree on this one vital point.

In addition, this same bureau, on account of its experienced and trained men, is able to realize more from the assets than if the

estate were handled by those less experienced and those who but occasionally handled a failure and then without the equipment necessary to produce the very best results.

The adjustment bureau not infrequently takes over an embarrassed estate, operating it for a time, pays the debts and hands the business back to the owner free from debt. This I feel is one of the results of economic and scientific handling of such estates.

In some cases, handled by bureaus, satisfactory compromises are reached, and the debtor permitted to continue in business, the creditors realizing much more than if the estate were permitted to be closed out and much delay and expenses added which must come out of the assets. In other cases where it is necessary to close out an estate under friendly adjustment plan, since the bureau is equipped and established for this purpose, it is able to dispose of the assets with a much greater degree of success than if handled by others not so equipped.

Some bureaus claim to have gone through an entire year with an average dividend paid to creditors of 50 per cent. and some have shown as high as 60 per cent. These results I would consider as denoting economic and scientific handling.

It is our duty to ourselves and our houses to place our claims in the hands of the trustee, who is experienced, trained and qualified to represent us and assume the responsibilities of handling the estates under a bureau which has established fixed rules of conduct for the adjuster in each step of the adjustment. Here is the advantage of a well-organized adjustment bureau.

Many merchants, through overbuying, or because poor collectors, get behind in meeting obligations and when one or more creditors endeavor to enforce payment a stampede among creditors follows usually ending in failure with attendant losses to all concerned.

When, however, the creditor and debtor cooperate through a trustee, an opportunity is presented to collect the claims and enable the debtor to continue in business.

In instances in which the liabilities equal or exceed the assets, the result necessarily will not be as favorable, but in all cases the creditors will obtain better results through a friendly trusteeship than otherwise.

Through this plan the trustee secures control and lien upon all of the assets of the debtor and he can conduct the business upon lines deemed best and if unprofitable can close out the same; he can force the collection of outstandings and dispose of outside assets.

The trustee should have two main objectives: First, to protect the interests of the creditors, and second, to endeavor to handle estates so that the debtor may continue in business, free of debt, a benefit to his family, to the community and to the creditors as a continuing customer.

Our adjustment bureaus are able to handle estates on an economic and scientific basis, with much better results than can be obtained through other sources.

In conclusion, I wish to appeal to you most earnestly to patronize your adjustment bureaus, thereby making them strong and serviceable.

J. L. McWHORTER, Nashville—I want to speak just informally a moment on this vital subject that Mr. Love has been discussing. Will you permit me to come to the platform?

This question of a friendly adjustment in the case of insolvency and financial embarrassment is my hobby and has been for many years.

Down in the South in case of financial embarrassment, we used all to rush to the courthouse. Each one of us employed a lawyer. When we were through with the failure, there was nothing left. It was like a Kilkenny cat fight. There was nothing left but a little bunch of hair to show where we had fought.

So I strongly advocate, and have for years, this system of friendly adjustments. The one point I desire to stress this morning is that there must be no double standard. You must treat the man who lives a thousand miles from you exactly as you do your next-door neighbor. That is the principle that underlies the Adjustment Bureau at Nashville. We have encouraged this policy there and we have practised it there, and it is a pleasure when I am caught in a failure to be able to send my claim to some adjustment bureau or to some fellow sufferer.

Just one illustration and I am done. We had a failure some years ago in Alabama, the failure of a man by the name of Davis. We sent a delegation of three from Nashville to make an adjustment. He offered forty cents. Finally we got him up to fifty cents, and when it had been agreed upon, one member of our delegation took Davis aside and said, "Now Mr. Davis, I have been a friend of yours for a long time and if I get this settlement over for you, you must do something for me on the side." Davis said he would do it. So, finally all the creditors were brought in line and they went down to Cullman, Alabama, to settle with Davis. Davis drew a cigar box from under the bed, and paid fifty cents on the dollar in their own money.

When it was over, my friend took him aside and said, "Now, Davis, you know what you promised me—that you would do something for me on the side." Davis looked him right in the face and said, "My dear sir, when you got fifty cents on the dollar for the clothing you shipped me, you were a preferred creditor."

I give you that simply as an illustration. We don't approve of that method but we approve of the single standard of ethics, every man to have a square deal whether he lives next door to you or in a distant city.

EUGENE S. ELKUS, San Francisco—I am going to take up just three minutes by giving you as many facts as possible regarding the work of the Board of Trade of San Francisco.

The main thing, if we are to have constructive bureaus in the future and add to them from time to time, is to profit by what has been the experience of bureaus in the past as shown by statistics.

I appear here to-day in the dual capacity of a representative of the San Francisco Credit Men's Association, and as president of the Board of Trade of San Francisco which is the most prominent institution of its kind on the Pacific Coast and the largest adjustment bureau in the United States. It has been running since 1877 which

is before the National Association of Credit Men came into existence. I say this with all deference to the Credit Men's Association for the reason that the men who extended credit way back in 1877 created the Board of Trade and consequently the adjustment bureaus of the National Association are right in line with the thoughts of these credit men of old.

The Board of Trade is to-day the adjustment bureau of the San Francisco Association of Credit Men. To give you an illustration of what this Board is doing, let me say that in 1915 they cleared 1716 cases; in 1916, 1299 cases; in 1917, 1108 cases; in 1918, 878 cases. You will notice the gradual decline as the business of the nation improved. The amounts distributed to creditors were: in 1915, \$875,352.33; in 1916, \$805,918.87, in 1917, \$938,374.58 and in 1918, \$1,002,112.45.

The increase in amounts with the decrease in failures was due to the fact that the board was called upon to administer large non-mercantile embarrassments because it was found to be better than to turn them over to lawyers and further that we were equipped to handle cases of any magnitude. Our average recoveries in 1915 were 53.3 per cent. as against 16 per cent in the bankruptcy courts; in 1916, 47.6 per cent. as against 16 per cent. in bankruptcy; in 1917, 61 per cent. as against 12.5 per cent. in bankruptcy; in 1918, 54 per cent. against 14 per cent. in bankruptcy. The expense of administration through the Board of Trade in all cases averaged 7 per cent. In transfer of assets which was analogous to bankruptcy, the cost was 11 per cent., whereas the expense of administration in bankruptcy courts was 45 per cent. It was found that where the Board of Trade handled a bankruptcy matter and secured the trustee, it recovered 26 per cent., whereas if the board did not have control it was 19 per cent. or less.

It was also found that where in California the Board of Trade took an interest in a case although it was not in absolute control, the recoveries were 19 per cent., whereas in other parts of the country it ran from 14 per cent. to 16 per cent., showing that it is not the fault of the bankruptcy. The trouble is with the inactivity of the credit men throughout the country who are not organized to protect bankrupt estates, whereas if the bankrupt estates were watched over as they are in California, it will be found in all sections that a larger amount may be obtained in bankruptcy than now.

I want to state that I appreciate the courtesy you have shown in listening to me and say that if you get busy and form adjustment bureaus of the Credit Men's Association throughout the country for the handling and clearing of your estates, you will find that your recoveries will be much greater than they are to-day.

SECRETARY TREGOE—Mr. Love, in your opinion, year in and year out, if the friendly procedure were followed in the liquidation and distribution of insolvent estates, would there be better recoveries all around than if creditors were permitted to obtain preferences and the profit to go to what we might call the alert?

MR. LOVE—Yes.

SECRETARY TREGOE—You think that the friendly procedure would yield more to creditors year in and year out? You do?

MR. LOVE—I do.

SECRETARY TREGOE—Does the convention agree with him? All who do agree will raise their hands. Not a hand opposed.

Now, Mr. McWhorter, you preached the doctrine of friendly procedure; if you preached the doctrine of friendly treatment, of fair treatment, of the square deal, as I understand it, let us say you have a debtor whose account with you is getting a little suspicious. You are growing anxious about it. You go out to see him. He lives fifty miles from Nashville. When you reach there and look over his assets and his liabilities, you find he is insolvent. He owes you one thousand dollars. He likes you. He tells you he will give you one thousand dollars for your debt. Will you take it, McWhorter.

MR. MCWHORTER—I think I would.

SECRETARY TREGOE—The preacher of the doctrine of square deal would take the thousand when he knew the balance of the creditors would receive about twenty-five cents.

MR. MCWHORTER—I went to see a man two weeks ago. He owed me seven hundred dollars. I think it probable he can pull through. I know he is not very strong. I know that it is my duty to get my seven hundred dollars if I can; but, if that fellow said to me that day, "I can't pay what I owe, what must I do." I would have said, "Call your creditors together and make an equal distribution of your assets." But, I did my best to get the seven hundred.

SECRETARY TREGOE—Then you admit, Mr. McWhorter, that after all the human element enters into it and doctrine and practice do not always jibe.

MR. MCWHORTER—That is true.

SECRETARY TREGOE—You know, I felt just as sure as I could be, Mr. President, that we were going not only to indict but to convict our genial friend from Nashville. Constituting you as the court, out there the jury, I should say, "Is he guilty?"

Loud "Nos" from the conference.

Voice from the audience puts the question to the secretary, "What would you do?"

SECRETARY TREGOE—When we speak of the friendly adjustment or the friendly procedure, we speak of the most delicate process that the credit man can direct his attention to. We have claimed that the closing and scientific and square deal treatment of an involved or insolvent account is much more delicate and requires greater skill than opening the account. Now, Mr. Elkus, in treating of this subject, I want to ask you this question, "In your opinion how many of the commercial failures of the country are preventable?"

MR. ELKUS—Well, Mr. Secretary, the word failure is a very broad word and I cannot answer your question in figures. I will say that through the methods adopted by the San Francisco Board of Trade, I know of my own personal knowledge that a very large number of cases have been saved from failure. For instance, here is a man who cannot pay his debts; instead of a member attaching him, as he has no right to do except for the benefit of all, he

reports the case to the Board of Trade. On the daily sheet sent to members will then appear this man's name. This is equivalent to a demand to send in statements for amounts due. From the moment this name goes on the sheet, no one can take individual action. A meeting of creditors is immediately called. The chairman of the meeting must be the largest creditor present. The question of prime importance discussed is how to save that man, if possible, from being crowded out of business. A committee is selected from the largest creditors to investigate more fully. A paid adjuster, if necessary, is sent to the man's place of business to take stock, to get a line on liabilities and turn in a report. When the report is turned back to the committee of creditors, the committee calls the man in and uses every possible effort to save him from losing his business by suggesting indorsements, or consulting as to how to raise money, or how to make a compromise with proper protection. If that cannot be done, the man is then told this: "You are a bankrupt. To preserve your name from bankruptcy court you may assign to the Board of Trade your assets and the Board of Trade will see that your creditors give you a release in full." The result is that where cases are bad and they cannot be saved, the man is protected if and provided he is honest. When dishonesty shows itself we prosecute and the records show that we have already sent a great many to the penitentiary.

W. W. MARSH, Des Moines—Have you, Mr. Elkus, adopted a procedure to prevent the brother-in-law or the wife's relations or the bank from getting in ahead of your meeting or do you proceed first by getting your trustee's papers signed?

MR. ELKUS—If someone gets ahead of us, we then proceed to try to control the trustee if it is a bankruptcy. We do everything possible, even to hiring detectives, if we think the failure is dishonest. We have in one case paid a fee of \$2,500 for a special prosecutor, although we have right along our regular, efficient attorneys in the Board of Trade to protect the creditors. Where the brother-in-law, cousin, or somebody tries to get an edge in a great many cases we have proven to those people that they must come in the yard and play with us, and the result is that they finally turn their account over to the Board of Trade and let the Board of Trade clear it, providing, of course, it is an honest account and the Board of Trade will accept it.

H. W. SPARRENBURGER, Evansville—The convention has paid an eloquent silent tribute to the bankruptcy account by its unanimous approbation given the man who goes to the busted debtor and takes his last thousand dollars.

The point I wish to bring out is this: Just as a matter of curiosity, I am wondering what the consensus of this convention would have been yesterday morning after that eloquent address of Dr. Rice on "Character." I am wondering, had this proposal been put to them then, if they would not have said just what I will say now, that I would not take his thousand dollars because there are just eleven hundred and seventeen of you who would shoot him into bankruptcy and beat me out of my ill-gotten thousand.

A. C. ELLIS, Pittsburgh—I desire to ask Mr. Love a question. He made the statement that his board pays from 50 to 60 per cent. in a scientifically handled case. I wonder how he arrives at that conclusion. I have noticed in estates that I have handled in which, perhaps, 10 per cent. was paid, a great deal more scientific handling was required than in cases paying 50 or 60 per cent.

MR. LOVE—Mr. Elilis, my statement was to the effect that some bureaus made the statement that they had passed through an entire year paying an average dividend of 50 per cent., and some of them as high as 60 per cent. When you figure that as an average, I do consider it a scientific and economic handling.

MR. WORKMASTER—One or two points: In the handling of involved estates, I have found that there are two difficulties and these I have jotted down. The first: the rut into which the debtor has drifted, which prevents the debtor from holding on to the conduct of his business even when in the hands of trustees, I mean as manager, for instance; and second, the tendency of creditors to pay too little interest to details.

I believe that such cases should be governed by the wisdom and experience of the adjustment bureau managers, yet I believe that by credit men acting as associate trustees, you create more of an interest in the solving of these problems from a creditor's standpoint, and you promote a great confidence between credit men and adjustment bureaus.

The king of indoor sports to-day is the passing of the buck. As in cases of bankruptcy, credit men themselves must be parties to the administration of such cases and not simply occupy standing room on the side line.

SECRETARY TREGOE—Now, Mr. McWhorter, do you believe that cooperation is the foundation principle of the friendly adjustment?

MR. MCWHORTER—I do, sir.

SECRETARY TREGOE—You are interested in an estate having eighty creditors. One creditor is for an amount of one hundred dollars. After examination by a well-organized bureau or a well-organized committee of creditors, seventy-five cents is recommended. The 100 per cent. creditor says, "No. I will not accept it. I want my hundred or I will block it." What would you think of that, sir?

MR. MCWHORTER—I think he is the meanest man in business on the American continent.

SECRETARY TREGOE—Jury, do you agree with him?

A loud "Yes" from the conference.

A. J. VEIGEL, St. Paul—What would you do if he insisted on having his hundred?

MR. MCWHORTER—We have had a case like that. The debt was five hundred dollars. We transferred the stock of goods to a kinsman of the debtor and then put the man through bankruptcy, distributed the assets, and this fellow got twenty-five cents on the dollar while the rest of us got fifty.

SECRETARY TREGOE—Jury out there, was that proper treatment?

Diversity of opinion shown by the conference.

Let me ask a question. Do you think when he received only 25 per cent. for being so mean as to refuse, that he received proper treatment?

Loud "Yes" from the audience.

As I understand it then, those who voted "No" said he got too much?

Loud "Yes" from the audience.

E. R. FREY, Terre Haute—I would like to ask how it happened that that recalcitrant debtor was held down to 25 per cent.

SECRETARY TREGOE—Don't you ever ask a Nashville man how he does things.

P. O. EITEL, Pittsburgh—I would like to recommend here that in friendly adjustment the small creditor be paid in full, for I say, get rid of the riffraff and let the bigger fellows take care of the matter in all cases.

SECRETARY TREGOE—How do you like that doctrine?

Loud "Noes" from the floor.

Those who vote against that doctrine, raise their hands.

Majority of conference raise their hands.

Those who are opposed to taking care of the riffraff, raise their hands.

Slight vote.

Again, those who are opposed to taking care of the riffraff, paying them off in full, raise their hands.

Vote appears unanimous in raising of hands.

I am quoting the words of Mr. Eitel of Pittsburgh, getting rid of the riffraff being the little creditor.

MR. EITEL—I would say riffraff was the little fellow who has stopped his credit without looking into the facts.

SECRETARY TREGOE—Under that definition, how many here are riffraff? Now be honest. Raise your hands.

Half a dozen hands went up.

Now, Mr. President, our time is up. We can talk a great deal on this subject, but, as I understand, these three witnesses agree cooperation is the principle of the friendly procedure. The friendly procedure, year in and year out, protects the creditor and the honest debtor. It is the righteous principle for the handling of the honest estate. Is that right?

PRESIDENT MCCOMAS—I am sure that we are all interested in signs of the times. We have a big man to discuss them and I take great pleasure in introducing to you John Fletcher, vice-president of the Fort Dearborn National Bank of Chicago, Illinois.

SIGNS OF THE TIMES

Address by JOHN FLETCHER, Chicago, Ill.

These are remarkable times in which we live. I sometimes wonder if we realize the rapid, terrific development of different lines of industry in this country. But a few weeks ago I had the pleasure of addressing a banquet of the automobile dealers' association of Chicago and in casting about for something to say, I looked a

little bit into the development of things in that industry. Things go on around us and we scarcely realize how rapidly the development takes place. I found that it was well within my experience as a banker that the credit man would not look at an automobile man. It was in my experience as a banker that the Chicago Tribune offered a price of five thousand dollars for the first horseless vehicle that would run from Chicago to Waukegan in fourteen hours. I have a little story which illustrates the development of lines of business around us in a manner which we do not realize.

There had been an old farmer who had lived in the hill country for fifteen years with his team of oxen. He was striving to gain a meagre existence by tilling the rocks and in all that time he had not been in the city. Finally, he decided that he was not making much progress in the world, so he hitched up his team of oxen and decided he would go to the nearest village. He came to a sign. He read it in amazement. He got down off his wagon. That sign said, "Speed limit fifteen miles per hour." He looked at his oxen and then back at the sign and said, "Well, that is some contract, but we'll do the best we can."

The honorable president suggested that you had a large man to speak to you. These introductions are quite remarkable at times. It makes me think, if you will pardon the incident, of just a short time ago, when I was invited to give an address, just before I was leaving for a little vacation. I was called on the telephone and asked if I would not address a meeting. I said that I was going away on Saturday.

"I haven't the time to prepare anything and I don't like to speak without being somewhat prepared."

"Just come over and talk to us for fifteen minutes about anything. You don't need any preparation."

Then, Friday morning when I went to my desk, I found a copy of a letter which had been sent out to the members of the organization which said that on account of the prominence of the speaker and the importance of his subject, all the members of the club were urged to be present.

When I arrived, the chairman made an elaborate introduction. He did not spare me a particle. So, when I rose, I was obliged to remind myself of the story of the man who went over to his neighbors to buy a horse, and I tell it to you because my situation is the same to-day. After they had agreed on the price of the horse, the man said to his neighbor, "Tell me; we have lived side by side for a good many years. Is there anything the matter with this horse?" It sounded like a credit man's question.

And he answered, "Yes. There are two things the matter with this horse."

"Tell me what they are."

"You say you want to be fair in this deal. I will tell you one of the things that is the matter with this horse. Then you give me the money and I will tell you the other."

"That is fair enough. Go ahead and tell me the first thing."

"Well, the first thing the matter with this horse is that every time I go out to the pasture to catch him, he runs around and runs away from me. Sometimes it takes me half an hour or longer to catch him."

"That is all right. Here is your money. Now, what is the other thing."

"Well, the other thing is that this horse isn't worth a damn after you get him."

I don't intend to follow these notes so closely as to bother you. I might tell you that for quite a while I made a practice of talking extemporaneously, until one time I took Mrs. Fletcher with me to a bankers' convention where I happened to be on the program. I have never taken her since.

At that meeting I made quite a speech as I thought and following the convention I received more or less compliments, as you always do, from a lot of friends that think they have to tell you whether it is so or not. I was very much interested in what Mrs. Fletcher might have to say about it because I knew that, of course, her criticism would be genuine and any compliment she might have to give me would be sincere. I followed her around all the afternoon without getting anything. We were on the train going back to Chicago when I finally was obliged to ask her what she thought about my speech. She told me it seemed to her that it was well enough but that I had missed some opportunities. I could not figure what she meant so I had to ask her again what she meant by that. She said, "Why, John, you missed some opportunities to sit down."

After that I thought I had better write a little more definitely what I wanted to say. What I have to say to you I want to say with considerable rapidity; to tell you something of the situation as I see it, and one or two things, according to my opinion, about the prosperity which stands before this country to-day.

Allow me to picture business to you as a mighty engine, a vast and complicated machine in the hands of the bankers. The throttle and the brake—the one is necessary to progress, the other is essential to safety. It will not do to be too cautious with the latter; neither will it be wise to pull the throttle wide open except upon the rarest occasions. There are times when every one on the train must understand that the air is being applied.

Just now everything seems to be propitious. The tender is full. The steam pressure is good. The fire box is aglow. The roadbed appears to be well ballasted. And, as we go down through the coming years, may all the lights be white.

The problem of how to conquer Germany has been solved. Winning the war alone will not make the world a decent place to live in; it simply gives us the chance to make it so. Politically we have won the admiration of the world for entering the war absolutely altruistically—not a dollar's worth of selfish interests and not an axe to grind.

We are rapidly learning the good points of foreigners and how to meet them without the friction common in provincial people. The foreigner is beginning to recognize our good points and understand and like us better. The Yank is sitting on the top of the world and rapidly becoming accustomed to the limelight, and, what is more, standing up well under the test of inspection. All this is of immense value in foreign trade. In fact, America has won at a stroke, by being the altruistic champion of democracy, that position in the world which the Germans aspired to by years of frightfulness.

Property and its management is one of the great questions of the day. We are in an age when wealth is increasing at a prodigious rate, and connected with its increase, as well as with its possession, many serious problems have naturally arisen. There never has been a day since men began to own things that they owned as many things as they do to-day. As time goes by, inventive men will continue to find new sources of wealth in unsuspected places.

Coal was once only so much black rock with no value whatever. Now it is wealth of vast value. The waterfall was once a sight, a thing beautiful and wonderful to look at. Now it is so much power to be capitalized and sold on the market. Iron ore beds were once only so much unproductive land. Now they are mines of fabulous wealth. And, so on, over the whole face of nature.

The more we know about the earth, the richer it becomes to us. Compare our position—take the close of this war with that at the close of the contest between the north and the south. Then, after four years of terrible and devastating contest, we set to work at reconstruction. We had the great undeveloped west to turn to, in which to try out our energies. Now, in place of the west to develop, we have the whole world to walk in. Australia is closer to us to-day than San Francisco was to Chicago in 1865. The greatest undeveloped country in the world is just off our west coast. We will have the ships to make profitable use of the Panama Canal, and last but not least, America will go forth to trade with the world better advertised and with a better influence for it than of any trading since the dawn of history.

In the past we have not gotten along with foreigners. We have been impatient with their methods, knowing our own to be much superior. Slowness to pay has been one of the unpardonable sins from our own standpoint. As a result, we have never gotten the business. Foreign interests have not liked our advertising methods. They have been inclined to believe that brag and bosh were rampant among Americans. Our exploits in the war have taught the world that what they considered exaggeration on our part was simply a statement of fact, that we can and do live up to what we advertise.

The world has awakened to the fact that it is considerably behind the times as we know them in America. There is now only the fear that the world will expect too much rather than too little of us. Our great Bond and Thrift Stamp campaigns have taught thrift and conservatism to every American. If we had any widespread fault, it has been that of thriftlessness. We have always been the greatest money makers in the world, but it is a cinch we have also been the champion spenders.

There is no question in my mind now that more than twenty million of us shall as a nation be able to stand prosperity without losing our heads. The thrift we have been taught will stand us in good stead during the days of readjustment and reconstruction, for we must of necessity turn things into their normal peace-times channels without disrupting our credit.

In the minds of many there is an idea that with peace signed we shall change back to the old condition. Nothing could be further from this. We cannot start where we were in 1914. The world always goes ahead, and the war has taught us some things. We have

been taught the value of cooperation of capital and labor. We have learned the lesson that when politics undertakes upon itself to interfere with one business, it hits all business. We have found that business must be reformed from the inside if it is to be a successful reformation.

Business itself has learned that it cannot thrive autocratically any more than a kaiser or a czar. Great business is intent upon building up a good personnel. As a matter of business forehandedness, it is required that there be a better feeling and understanding between employer and employe. The great body of our capitalists is beginning to see that good wages and good working conditions invariably bring the best results. The American working man is smart enough, in my opinion, to hold on to a good job when he lands it. I like to believe that we can rely, not only upon our business men but upon labor.

Keep steady in the boat during this reconstruction. During this period we are bound to have little spots of unrest here and there, but I like to believe that in the end we will create a situation that will keep things steady in the boat during the great opportunity that presents itself to this country in the coming year.

The great thing to think of is that this war has not been as other wars. In former contests that cursed the earth, the rich grew richer and the poor grew poorer. This has been every man's war. As a matter of fact, the poor are better off in this country than ever before. We have no bread lines such as used to prevail in our large cities. We have more people with bank accounts than ever before in the history of the country. The war has really been what might be called a rich man's war for the burdens have principally fallen upon the large surplus accumulated before we entered the struggle.

No nation ever went to war on so grand a scale or felt the burden so lightly as the United States in this conflict. There has not been even a suggestion of a panic at any time. The only question is whether this American business man is of the stuff to meet successfully his new and great responsibility.

The United States is by far the richest country in the world. The aggregate resources of its banks are now billions more than the combined resources of all the banks in the world put together. It has more actual cash than any other nation, and in the last few years has attained an almost enviable supremacy in trade. Our natural wealth has increased from seven billion at the time of the Civil War to more than two hundred billion dollars.

With but five per cent, of the earth's population, we have subjected to cultivation more than 25 per cent. of the cultivated lands of the earth, producing an annual yield that has aroused the envy and admiration of the world.

Allow me to quote just a few figures to you, statistics as a picture. You have heard the axiom that while figures won't lie, liars will figure. I think I once heard Mr. Wheeler say that there were three kinds of liars in this country—liars, damn liars, and statisticians. But, let me just quote for you as a picture—not that I expect you to remember them, but as a picture of the remarkable resources of this country.

Of the total agricultural production of the world, we are producing more than 22 per cent of the wheat, 35 per cent of the oats, 60 per cent. of the cotton and 80 per cent. of the corn.

Of all the farm animals upon the earth, we produce twenty-five per cent. of the horses, 27 per cent. of the cattle and 40 per cent. of the hogs; while our dairy production amounts to more than 25 per cent. of the total dairy supply of the world.

We are taking from the earth 50 per cent. of the world production of pig iron, 56 per cent. of the copper and 60 per cent. of the petroleum.

Likewise in manufactured products, we excel any nation in the world. We are producing 22 per cent. of the total earth production of woollens, 25 per cent. of the linens, 25 per cent. of the cotton cloths, 25 per cent. of the paper, 25 per cent. of the glass, 36 per cent. of the shoes and fifty per cent. of the steel products.

In other words, of the earth's total production, we are producing 24 per cent. of the agricultural production, 40 per cent. of the mineral production, 35 per cent. of the manufactured goods. And, we are accomplishing these results with 5 per cent. of the earth's population.

From a debtor nation at the beginning of the war, the United States has become at its close the chief creditor nation of the world. If we go to smash with such a situation, we ourselves and only ourselves will be to blame.

Now, the greatest menace to prosperous times, in my opinion, is our agricultural situation. We hear on all sides that labor is too high. There must be some readjustment of labor prices. Supplies of all kinds have advanced in price until the cost of living becomes a burden.

The basis of the demands of labor for a high wage is the cost of living. The cost of living means meat and potato or bread or grain. The United States, in my opinion; to-day faces an agricultural crisis. Not only are we confronted with an era of extraordinarily high prices for foodstuffs, but also by an economic revolution growing out of this abnormal condition. The population of the country is growing by leaps and bounds. The demands of the other nations for our products are becoming more and more insistent. In the need of meeting these conditions with increased farm crops, we are going backward. Here is the cause worthy of our mightiest effort not only to meet this call from foreign lands but to save ourselves. No greater, no more important or far-reaching work lies before the leaders of this nation to-day than the upbuilding of its agricultural production. It means the very life of a nation. The increasing shortage and continued raising of prices of foodstuffs will inevitably develop a precarious economic condition. It is high time the people of the United States awaken to their situation. Lack of preparedness in our national food production is just as criminal as lack of military preparedness. Never has this question of preparedness been so deep in the hearts and consciences of American citizens as since this world war in Europe. We have been taught the terrible lesson of self-complacencies, of lack of co-operation. We have had demonstrated to us the strength of co-operation, of centralized, coordinated efforts—cooperation both in-

dustrially and economically. And, we have been taught the lesson of the lack of cooperation, of the dangers of the lack of cooperation, of self-complacency or of lack of coordination of any kind.

States like Michigan, Illinois, Indiana, and Iowa must lift the standard for agricultural progress. We must show the country that by central, coordinated efforts we can increase our farm yield many fold. We must lead the way in our national prosperity. The United States government is spending millions, devoting the energies of entire departments to the education of the rural population of this country.

Within thirty years, from 1880 to 1910, our rural population has dropped from 75 per cent. to 50 per cent. In production per acre all but ten of our most important products have decreased. Wheat in ten years has dropped 30 per cent., our corn has fallen off 10 per cent., our beef 25 per cent.

Pomerene told Congress that we must learn to produce more or accustom ourselves to eat less. For example, three states located in the agricultural sections of the country were blessed beyond measure with equipment and natural resources, and yet when they were called upon for supplies, urged upon every side, we find them producing about 5 per cent. of what should be their natural capacity.

The rapid rise in the prices of grain and foodstuffs with the continuous publication of stories of serious shortages everywhere, focuses the attention of the nation upon this subject at this time. There has been much speculation as to whether our citizens realize their grave responsibility, and will meet the situation by the increased production that existing conditions demand.

It is popular for a speaker in talking in states like Michigan, Illinois or Iowa to use figures that demonstrate the greatness of the state, and it is easy to do. I do it myself because I like to hear the applause that comes forth and the records are remarkable.

Just for an illustration, let me use Illinois. We often hear it said that Illinois horses are worth as much as all the sheep in the United States; that they are worth twenty-five million dollars more than all rye, barley and flaxseed produced in the United States last year; that all the agricultural implements manufactured in a year by all the implement concerns in the United States don't equal in value the horses on Illinois farms.

And, if you add the total value of livestock in the states of Illinois or Iowa, and I think Michigan follows very closely—but take either one of those two states—and your crops for a single year, the aggregate sum from Illinois farms alone would pay the interest-bearing national debt as it existed before the war. It would build a hundred battleships. It would total five times the pension fund—it would pay the government pension roll for five years, I should say.

There is not a person here, I presume, but what sometime has read of the Klondike. We have all talked and read of the fabulous fortunes dug out of the ground in gold. We have all wondered about it and yet here are men and women in the United States in active lines of business, upon whose successful conduct and whose credits the successful conduct of this agricultural situation depends. I don't suppose there is one who knows that a state like Illinois or Iowa produces more in two things, livestock and crops, alone than

has been dug out of the Klondike gold mines since the day they were opened.

What I want to say is, that with all of the remarkable production, we are operating Illinois farms and Iowa farms and Michigan farms at 25 per cent. of capacity. We are talking about legislating labor down, or about controlling labor. The answer, as I see it, to the situation is increased production in food products of the country so that we will produce a sufficient amount of food so that a dollar will buy a dollar's worth and not fifty cents worth as it does to-day. Then the farmer will be safe in his position by reason of the running of his plant at something like 70 or 80 per cent. of capacity instead of 25 per cent.

In speaking at a farmers' meeting of five hundred farmers at Kankakee, a farmer rose up and said, "There is no use talking about increasing production in Illinois or any other place until the government or somebody fixes the prices of farmers' products at a figure that is high enough so that he can afford to operate his farm, and operate it on a profitable basis, or he is not interested in increased production." And, I said, "Why, you are so different from the business man in the city, the man who owns a factory in the city of Chicago who comes into the office of the bank with which I am connected, and wants to borrow money. His talk is like this, 'We have the finest factory in the city of Chicago. We have the last word in equipment and machinery. We have ample raw material on hand. We have a fine organization. But, for some reason or other, we don't get our production of the finished material up over 25 per cent. of our capacity.'"

Is the answer to that that the government or somebody must fix the price of his product at a figure that is high enough so that he can afford to run that place at that capacity? Or, must he get something in the organization that any credit man can tell him of that will bring his capacity up to 80 or 90 per cent., thus producing a greater volume of goods at less cost and furnish them to the public at livable prices? Is that what we must have?

We must have better understanding among the credit men of the country. The business man of the city of Chicago is dependent upon the agricultural success of the states that surround and yet he knows nothing of the conditions that exist and the importance of the things that are at present before the public in that particular line. If we are to succeed internationally, we must think in bigger terms than our own business. We must have a vision that goes out and takes in things from a standpoint of educating ourselves in the thing that affects our business and the businesses that surround us so that we may be in a position to cooperate intelligently for the handling of foreign trade.

There are delegates at this convention from every section of the United States. Many come from sections not so closely in touch with agricultural production as those of us from the central west, that part of the famous corn belt. It is important to all, however, as I have stated, because back of the success of every line of business is our food supply.

Now, why emphasize the agricultural possibilities of this nation more strongly than the other resources? Because therein lies our

future greatness. Our mining interests will continue and may increase. The development of our waterways is in its infancy. Our manufacturing will assume much greater importance. But, progress in all these lines must be and will be overshadowed by our progress in agriculture. No nation is more richly endowed. The greatest markets of the world are within its limits, vast and rich farming countries surrounding, ample transportation facilities, large coal and iron fields. With such endowments, who dares name the limit to the growth, the development of the beneficent influence of this nation? We must always stand in the front rank in grain production. Each nation must have its proper amount. Our livestock will surpass the old range herds of the past. Then, will our railroads, manufacturing plants, banks and general business prosper. Then may the hungry millions look to us for food and other supplies. Can she then respond to their call?

The future of this country does not depend upon the government of the United States, but depends upon the business men of the United States. We cannot have prosperity conducted by small circles of individuals. It will take active cooperation, unity of purpose, and definite cooperation of every association in this nation to place it in the position, the changed position it deserves by reason of its own natural resources.

At the close of the war we find ourselves at the threshold of an era of prosperity such as America has never before known. The jewelry, the clothing and all lines of retail business, the automobile, the oil, and now we see signs of the steel industry developing beyond fondest expectations. On every hand one feels the pulse-beats of throbbing business toward expansion. This condition is creating a feeling of optimism perhaps never before equalled; developed in the light of a world vision and full appreciation of what is necessary permanently to hold our foreign markets, the present condition of America could not be better.

On the other hand, a lack of appreciation of continued international responsibilities, any return to policies of individual expansion, any thought that our individual lines of business are thriving and will continue to thrive, irrespective of our attitude toward the future, will mitigate against permanency in the foreign field.

For twenty-five years, as a banker, I have watched the individual expansion of business. I have seen many individuals so interested in the success of their immediate enterprises that they have felt no responsibility to trade as a whole, thus blinding their vision for the larger thing, later resulting to their own detriment. A dwarfing of vision from the collective to the individual viewpoint has often been destructive to American interests. It will be equally destructive in our foreign trade.

The private business man, intent upon making money and developing his own bank account often turns down the larger opportunity which would not only have made him a factor in city or national life, but would have increased his own business had he possessed the vision.

Europe will not always be in the position she is to-day. She will retrieve her losses much more quickly than we think, and incidentally, seek to regain her foreign markets again. When that time

comes, foreign competition will again be keen. The one thing which will then give America her supremacy will be the same thing that has made America great ever since she entered the war, that is a genuine appreciation of her international responsibility. The business expansion in this country during the past five years has been tremendous, and it is my opinion that the next five years of our history will present problems in both business and finance, the correct solution of which will require more careful consideration, keener judgment and more genuine nerve on the part of American business, than ever before in its history. In order that we may be prepared to solve these problems of the times successfully as they come to us, I say to you of this association, "May God give us men. The times demand strong minds, great hearts, true faith and ready hands. Men, whom the lust of office will not kill! Men whom the spoils of office cannot buy! Men who possess opinions and a will! Men who have honor; sun-crowned men who live above the fog in public duty and private thinking."

I thank you.

PRESIDENT McCOMAS—In the absence of Mr. Neil, Secretary Tregoe will present the Report and Resolutions of the Business Literature Committee.

REPORT OF COMMITTEE ON BUSINESS LITERATURE

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Unquestionably it has meant much to the National Association of Credit Men in gaining the high standing it now enjoys in the commercial world, that so much emphasis has been laid on the issue of representative literature—for it is by its literature that the Association must, as a rule, be known to the great majority of its broad membership.

That literature must record the Association's doings and progress in the credit field, and to that extent be historical; must deal in and indicate the application of sound credit principles to concrete business transactions, and therefore be educational; and again must strive to build up the standards of credit granting that the extension of credits shall be thought of not as a matter of momentary or individual whim, but as related to commerce as a whole.

These and other purposes run through the entire structure of the literature of our Association. Our literature during the last year has most naturally taken color from world conditions—it could not be otherwise, for the vivid colors of the world war and of the period immediately following could not but be reflected in all activities of men, particularly their commercial activities. Through it all, our literature has aspired to help the members to see clearly the part they should take and what was necessary to be done to fortify against sudden changes.

It is impossible for the members who have not come in close contact with the Association's work to appreciate how large is the volume of literature that is created and distributed by the National

Association of Credit Men, and the local associations connected therewith during an association year.

It is not alone the Bulletin, our chief organ of publicity, which by the way, has reached the very respectable circulation figure of nearly 30,000 copies per month, and is, therefore, one of the largest special or trade periodicals in the country; nor the regular monthly letter which goes to local secretaries and presidents and to 10,500 members besides; but thousands and tens of thousands of other pieces of literature in the form of envelope enclosures, pamphlets and booklets which carry the name of the Association and its various business building messages to every nook and corner of the country.

Last year certain recommendations were made to the convention for changes in the monthly Bulletin. While these recommendations were adopted by the convention, there was a pronounced note of uncertainty as to the advisability of making the changes proposed, and this added to the fact that manufacturing difficulties in the paper and printing line persisted through the year, led to the conclusion that the year did not offer a favorable time to go into experiments. Besides, the present form of the Bulletin makes for economy of production and mechanically seems to meet the requirements of the members quite generally.

In order to economize space there has been used under certain titles six and eight point type as against the standard ten point. In this way, we have been able to present more on a page and avoid the necessity of exceeding a sixty-four page issue, a result practically demanded of us by the conditions in the paper market.

We have too many departments in the Association to permit of departmentizing the Bulletin in a manner to give all departments regular attention, but we have tried to systematize the Bulletin somewhat by creating during the year five distinct departments, and in nearly all issues we have presented live matter thereunder, namely: Investigation and Prosecution, Business Service, Foreign Credits, Trade Acceptance, Membership. We believe other special departments can be profitably added if the National office could but get the constant cooperation of the various committees and the members in general in making a success of these departments.

An important feature of the Bulletin appearing every month, and yet apparently overlooked by a large fraction of the membership, is the directory of the Association, wherein are set out the lists of the national committees, the officers of local associations and the managers of the adjustment and credit exchange bureaus. The Association wants its members to use its facilities, and these directories point out where these facilities are to be found. Here is given some one hundred and thirty local points, all over this broad land, centres of information and help which it is desired that the credit grantors of the country, members of the Association, should use much more as being to their great advantage.

The committee has felt that its special function is to bring about the fullest and most effective distribution of the Association's literature, and has through the year been focusing the attention of local officers and members upon this piece of literature and that, its object being to use the literature as instructive enclosures to their customers. This has been done largely through the "First of the Month" letters

which are sent out, as has already been said, to 10,500 members. A part of the cost of this letter is defrayed by the local associations, who have arranged to take it for their members, but the charge is negligible as compared with what is to be gained through its distribution, and no association should fail to arrange with the National office for this "First of the Month" letter. If a local association fails to give it to their members, they are depriving them of a most informing piece of literature on credits, and are failing to take advantage of a facility which will help maintain interest throughout the membership in all that pertains to matters local as well as national.

Our members must have noted this year with what frequency the National Association and its doings are referred to in the public press. The fact that for so long the great work that our Association is doing failed to appeal to the newspaper men has given your Business Literature Committee cause for study. Apparently, the newspaper could not see what we could be doing in credits after learning that we were not a mercantile agency, but happily, they have at last learned that what we are doing has real news value, and have been giving our work generous space. Then, too, many local associations have succeeded in getting a friendly understanding with their local papers with the result that both national and local credit items are getting attention. Some of the newspaper syndicates have also been taking material issued by the Association, especially the pronouncements of the Credit Defense Committee, and through these syndicates our credit educational work is reaching the newspapers of the smaller cities and towns. This is progress which will help the Association largely, and serve to increase its influence and attract new members. The efforts of the National Association in this direction should be heartily seconded, and its methods adopted at every local association centre. Already at some local association points, remarkable newspaper connection has been made, especially notable being the real assistance rendered by the newspapers of Atlanta in helping merchants and manufacturers there to establish regular publicity campaigns for the better observance of sales terms, the cutting down of the excessive terms, and the establishment of the trade acceptance, and again, the publicity given to the general subject of credits at Seattle, Washington, Portland, Oregon, and Rochester, N. Y. Here was enthusiastic cooperation in the furtherance of the ideals which our Association has pursued, and similar cooperation should be steadily worked for at every association point.

While the Bulletin is our most important piece of literature, and always will be, yet it is necessary not infrequently to get out special pieces of literature devoted exclusively to some one subject. For instance, we are called upon to furnish literature that can be used as enclosures to bring home certain special points that a member is trying to force home with a customer, and we are glad to say that we have finally built up quite a list of special subjects in leaflet and card enclosure form, which the members are using in large quantities, and by their own testimony, to very great advantage.

The greatest special publication of the year has been the "Business Enterprise" pamphlet. This pamphlet, already in its second edition, is to meet a pressing want, that of a guide to the keeping of business records, presented so simply and so free from technical

terminology that the intelligent trader or contractor who has no knowledge of bookkeeping can without difficulty follow the directions through, and open records of his business, by means of which he can determine with accuracy and certainty whether his business is going forward or backward.

This great acquisition to our literature, prepared by a carefully selected committee, working under the direction of Mr. H. Uehlinger, has been received most cordially in all quarters. Several trade associations have secured copies for distribution among their members, and our own members have taken the pamphlet in quantities for distribution to their trade. The house that distributes this pamphlet widely will be doing the Association, the house itself, and the general cause of better credits a real service. We take this opportunity to urge this point.

Again, there came out of the last convention a remarkable paper prepared by C. F. Letts, president of the National Grocer Company. It treated of the science of rapid turnover of capital invested in accounts receivable. Mr. Letts showed what his companies had been able to accomplish by giving thought to this essential profit-making feature of a business. His message was so important that it was decided by the committee to issue it in pamphlet form, and it has received through the Association wide publicity. The Letts pamphlet has already gone into several editions, and the demand still continues.

The Association has added to its envelope enclosure series during the year, one on that much talked of abuse—the unfair cancellation and return of goods. The Association's efforts in this direction have apparently been appreciated and have arrested the attention of important interests, including the Department of Commerce.

Much of the literature issued by the Association has permanent value, and the National office has continued to distribute large quantities of that which was issued in previous years. It has also received contributions of pamphlets on various topics, the latest being that on the subject of "Trade Acceptances," being a paper prepared by M. T. Fleisher, of the Notaseme Hosiery Co., of Philadelphia, Pa. This, though recently issued, is meeting a large demand.

Our report would be incomplete if it did not give mention to the literature which is being produced by our local associations. Almost all of these associations issue more or less literature, but that issued by the larger organizations has grown greatly in volume, and presents material of high merit. These local bulletins have the advantage of giving to their readers special local news which it would be impossible for the members to secure through literature offered by the National Association, and the Business Literature Committee should continue this year to extend its fullest cooperation and encouragement to the building up of strong local association literature.

That the Credit Man's Diary has become thoroughly established as a credit department facility, is again demonstrated by the demand this year, the distribution, despite an increase in price to \$3.00, made necessary by extraordinary increases in the cost of printing and circularizing, being the largest yet made. The committee looks forward confidently to the time when this great handbook will find its

way annually into not less than one-half the credit departments represented in the Association.

The chairman of the committee desires to speak in high terms of the new method of organization of committees, such that a committee is given a vice-chairman in each of the ten districts into which the country is divided. Some of these chairmen, in fact most of them, have been of material assistance in promoting the interests of the Business Literature Committee, and the chairman takes this opportunity to express his appreciation of their cooperation.

The committee offers the following resolutions:

I

Resolved, that the National Association of Credit Men, in convention assembled, urges upon its officers and directors the importance of maintaining the literature issued by the Association on a high plane, making it such that it will be thoroughly expressive of that leadership in credit thinking which is being expected and demanded of the organization; and the convention urges that every reasonable facility be given to make this department of association work highly constructive.

II

Resolved, that the Association approves of the introduction of special headings or divisions in the monthly Bulletin, as for instance, "Business Service," "Foreign Credits," etc., and urges upon the entire Association the contribution of live news items and appropriate illustrations which shall make these departments intensely suggestive of the possibilities of service and business building that lie in the credit department.

III

Resolved, that this convention expresses its special appreciation to Mr. H. Uehlinger and his special committee in having prepared and given to the Association the "Business Enterprise" pamphlet, which is to its mind a contribution to the cause of better business, especially among smaller merchants and contractors, of permanent value, a treatise in fact, that should receive by the hands of the members of the Association a large distribution.

Respectfully submitted,

D. BIRNEY NEIL, Chairman, Lawrence Press Co., Columbus, Ohio.

VICE-CHAIRMEN

O. E. DOTY, Third National Bank, Springfield, Mass.

HOYT T. JAMIESON, Utica Plumbing Co., Utica, N. Y.

P. V. HOLLINGSWORTH, Hollingsworth Candy Co., Augusta, Ga.

G. M. SPENCER, American Lawn Mower Co., Muncie, Ind.

E. D. PLUMMER, Richardson Dry Goods Co., St. Joseph, Mo.,

CHAS. G. COBB, The Fairbanks Co., New Orleans, La.

H. T. FOLSOM, Union Coal Co., Lincoln, Neb.

J. T. PLUMMER, Truax Mfg. Co., Denver, Colo.

ALEXANDER HAMILTON, Washington Machinery Depot, Tacoma, Wash.

SECRETARY TREGOE—I move the adoption of the report and the three resolutions.

F. B. SNYDER, Philadelphia—We might express a particular appreciation by emphasis on resolution number three, thanking Mr. Uehlinger for his "Business Enterprise." I think it is a real service not only to this Association but to the many customers of the members of this Association. If I may second the motion to adopt the report and resolution by particularly emphasizing resolution number three—I do not ask for a division.

PRESIDENT MCCOMAS—If there is no objection to Mr. Snyder's suggestion, and I hear none, we will vote on the motion.

Carried.

Now, R. G. Elliott is the next on the list and he has suggested to me that he would like very much to put over his report. I imagine that you are uncomfortable. I have taken the matter up with Secretary Tregoe and he is very much afraid if we don't have this report now, we may not find a convenient place in which to hear it later in the program. I personally don't know. I know the secretary is generally right, but this time I am inclined to disagree with him. I am going to put it to you. Do you want to hear Mr. Elliott now or do you want to hear him later?

Loud "Now" from the conference.

R. G. ELLIOTT—I know that you are very warm and this is a dry subject. We won't discuss that question any further.

The report that we have to make is brief. The committee has devoted its energies to laying down fundamental principles in the equalization of the burden of the tax upon business, distributing the burden with respect to property rights of the individual.

I now present the report as follows:

REPORT OF SPECIAL WAR TAX ADVISORY COMMITTEE

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Early in the year 1918 it became apparent that revenue legislation would have a very material effect on credit granting. The question of non-uniformity of application and inequality of distribution between business units operating under different forms of organization under the Revenue Act of 1917 made for a very great uncertainty in the credit field. This impression crystallized into the conclusion that the National Association of Credit Men should take a position with reference to revenue legislation in an effort to secure equality of distribution of the burden of the tax and uniformity of application to varying business units. The appointment of your Special War Tax Advisory Committee grew out of conferences between the Secretary of the Association and the Treasury Department officials; the committee was formed in a spirit of public service and its activities have been directed along the following lines:

(a) To make a comprehensive study of tax legislation as it has an effect on credit granting in bearing unequally on businesses having the same general ratio as to going value and earning power; in bear-

ing unequally on businesses of the same capital and earnings but differently organized.

(b) To promote a general study of revenue legislation by committees of members of local associations of credit men to the end that a better understanding of such laws might be had by the membership at large and the commercial structure be strengthened by being prepared to meet this heavy burden of taxation.

(c) To acquaint the membership of the Association with the progress of revenue legislation and the necessity of closer interest and cooperation in this vital factor in commerce both before and after its passage; that the proper and equitable allocation of this burden is a business man's problem and that, if justice is to prevail in taxation, business men must be more alert to the situation.

Your committee held several meetings during the year, meetings of the full committee being held at Pittsburgh, Chicago and Washington, while special meetings of members of the committee were held on several occasions in Chicago.

A brief was prepared which laid down a few fundamental principles which it had been determined through exhaustive correspondence with members in all parts of the country, should be followed if equality of distribution of the burden of the tax was to exist.

Briefly, the recommendations carried in this pronouncement which was presented to the Ways and Means Committee of the House of Representatives on June 28, 1918, in a hearing by your committee on September 12, 1918, before the Committee on Finance of the United States Senate, receiving recognition by the Congress were:

First: Recommending the exempting of dividends to the amount of the normal tax paid by the entity.

Second: Taxing so-called unearned incomes on the same basis as earned incomes.

Third: Suggesting the pre-war earnings as the basis of the exemption has been recognized in the War Profits Tax,

Fourth: Recommending the payment of the tax in installments has been adopted with increase in the time allowed.

Fifth: Recognition for small corporations and proper exemption of new enterprises or those having sub-normal earnings during the pre-war period.

Sixth: Correcting the provision which would have taxed the income from Liberty Bonds which were sold as tax free.

Seventh: Eliminating the 6 per cent. additional tax on undistributed earnings of a corporation.

Eighth: Recognition of so-called intangible property built up or developed by the taxpayer.

Ninth: Recognition of our contention that the value of assets as of March 1, 1913, is a proper basis for computing invested capital. We believe, however, that this provision should have been given full recognition in the definition of invested capital and that all assets, whether tangible or intangible, should be included as of their fair market price or value on March 1, 1913. And it was our contention that property regardless of its ownership, regardless of its transfer, regardless of its character, if it had a value on March 1, 1913, should be given full recognition as invested capital.

Your committee was successful in having adopted by Congress the principles laid down above which are embodied in the measure as passed and in those respects it is felt that the act is an improvement over the one which preceded it.

Your committee presented a special brief to the conference committee on January 8, 1919, setting forth its views as to full and unqualified recognition being given to the value of all assets as of March 1, 1913, for the basis of determining invested capital and as to including all business units on an equal basis under the War Excess Profits Tax.

Your committee would be lacking in a proper sense of appreciation were it not to give mention to the conscientious and capable work of the War Tax Committees which were organized by about one hundred of the local associations. The result of this study was available to the National committee and was of great help to that committee in the formulation of recommendations to Congress.

Your committee feels that the work undertaken should be continued and that the local associations of credit men would do well to continue local committees of the same kind.

In conclusion, your committee begs to offer the following resolutions:

I

WHEREAS, the Government's future financial requirements must of necessity be larger than at any time before the war, must be provided for from current revenues and

WHEREAS, organized business is the medium which produces much of the income from which the Government receives its revenue, and

WHEREAS, the stability and prosperity of organized business are of prime importance to the nation in the period of transition from war production to the pursuit of normal peace time business in giving employment to demobilized men, and

WHEREAS, an inequitable, unscientific, discriminatory tax law is a serious impediment to the reestablishment of the nation's normal commercial activities, therefore be it

Resolved, that the National Association of Credit Men in convention assembled, urges upon the Congress the necessity for the early enactment of a revenue measure applying to the taxable year 1919 which will be scientific, economically sound, practical and fair from a business standpoint, uniform in its application and giving full recognition to property rights in its method of distributing the burden of the tax.

II

WHEREAS, the earnings of organized business are influenced by many factors such as, nature of the business, field of activity, hazards of capital, individual ability, character, etc., of the principals, making the assessment of the tax on the profits of the business entity in an equitable manner extremely difficult and almost certainly unscientific, and

WHEREAS, organized business is but an aggregation of individuals who ultimately must bear the burden of the tax and as income

is liquid and available for taxes (on the basis of income and ability to pay) in the hands of the individual and in his hands only, therefore be it

Resolved, that the National Association of Credit Men in convention assembled, goes on record and urges upon the Congress that a revenue measure be framed by the terms of which the revenue required from taxation will be raised primarily by a tax on individual incomes and that the only tax levied on organized business, as such, be a flat rate income tax at the same rate as is fixed for the normal tax on individual incomes, for in this manner only can the tax on incomes be placed in an equitable manner and in proportion to the ability of the individual, who in the last analysis ultimately bears the burden; and further the Association enters a most emphatic protest against the assessment of the tax in a manner which will discriminate against any business entity on account of the form or time of its organization or the manner in which its accounts have been kept.

III

WHEREAS, it is of the utmost importance to the soundness of business and the stability of credit that sound, well-considered principles be put forward as the expression of the business community as represented in the National Association of Credit Men, therefore be it

Resolved, that the National Association of Credit Men in convention assembled, reaffirms its belief in the value and service of a committee on Federal Taxation and urges upon local associations of credit men that they appoint active committees for the purpose of making a careful study of Federal Taxation in its relation to the stability of credit, these committees to cooperate with the committee of the National Association in putting before the Congress the best thought of the country's credit grantors.

Respectfully submitted,

R. G. ELLIOTT, Chairman, Jacques Mfg. Co., Chicago, Ill.

VICE-CHAIRMEN

E. H. JAYNES, Cleveland Cliffs Iron Co., Cleveland, O.

C. D. JOYCE, A. Colburn Co., Philadelphia, Pa.

W. M. KENNARD, Graupner, Love & Lamprecht, New York, N. Y.

S. J. WHITLOCK, Belding Bros. & Co., Chicago, Ill.

B. G. WATSON, 411 The New First National Bank Bldg. Columbus, O.

MR. ELLIOTT—I move the adoption of the report and resolutions as a whole.

Seconded.

Carried

Adjournment.

MORNING SESSION

Third Day, Thursday, June 12, 1919

The Thursday Morning Session of the convention was convened at 9:25 o'clock.

President McComas called upon the Rev. John Richard Command for the invocation.

PRESIDENT MCCOMAS—We will now have the reading of the report and resolutions of the Committee on Credit Interchange Bureaus by D. L. Sawyer of Milwaukee, Chairman.

Mr. Sawyer submitted the report of the committee as follows:

REPORT OF COMMITTEE ON CREDIT INTERCHANGE
BUREAUS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Committee on Credit Interchange Bureaus is permitted to report an interesting year for this department. No new bureaus were organized but there was a growing appreciation of the service and a broadening of support for some of the bureaus that have long been in the field.

Your committee reaffirms the conviction of former committees that the credit interchange bureau is a credit man's own instrument for the economic and systematic interchange of ledger experiences, and while this interchange has been commercialized by other organizations to a limited extent, yet no question can reasonably be sustained against the position that credit men in cooperative action and on a well-systematized plan can better promote and defend this confidential instrument of credit service.

There are at present operating fifty local bureaus recognized officially by the National Association. Since the former report several bureaus not then conforming with the general rules of the board of directors for the governance of this department have brought their plans into conformity with these rules and are officially recognized. One bureau, organized and operated by the South Bend Association of Credit Men, has discontinued because of insufficient financial support, but plans are on foot for a renewal of this bureau either for local service or as part of a district service.

While reporting progress, your committee recognizes that too small a proportion of the membership uses the bureau service even where it is readily available and recognizes also that there are too many variations of operation which react against a widely supported central clearance and the coordination which should exist within the department. For the reason that the bureaus are co-operative instruments and not commercialized their advancement does not proceed with the swiftness which the service justifies or that which we would have if effort could be concentrated upon the bureaus alone rather than distributed among several departments of a local association of credit men.

Efficiency of management is of ranking importance in the success of a credit interchange bureau; thoroughness, accuracy and dispatch are also of serious importance. To neglect managerial skill and the elements of accuracy, thoroughness and dispatch will impair the service and the abilities of the bureau to widen the influence, which is one of the chief objectives of the department, its desire being that clearances may cover wider fields and locate in all instances a proper proportion of the experiences with and the indebtedness of a mercantile enterprise.

The fees usually asked for this service are much smaller than prices charged for the commercialized service, and while your committee recognizes that it is one of the chief intents of this department to operate for service and not for profit, yet the proper skill and qualities demand a reasonable price, without which the workmanship of the bureau is certain to be hampered.

The Central Interchange Bureau which is under the direct supervision of a committee appointed for that purpose has not grown during the year, and the problem of such a clearance and how the bureaus can be brought into coordination with one another for rapid and useful clearances is one of the subjects that must be considered thoughtfully by the Supervisory Committee, the incoming Committee on Credit Interchange Bureaus and the officers and directors of the National Association.

Arrangements made by the board of directors of the Association to install a field representative for the Credit Interchange Bureau Department are very warmly received by your committee, the position having been filled by an old member of Secretary Tregoe's staff, E. B. Moran. Mr. Moran has been in the field for several months and has discovered problems and situations in the solution of which beneficial results may be anticipated for the department generally. Without dwelling specifically upon the work of Mr. Moran, for a special place on the program has been made for him, your committee believes that fearlessness and skill are necessary qualities in dispatching the responsibilities of this office and that the bureaus when examined should be free in giving information about their work and plans, and receive cordially any suggestions or recommendations that the field representative may advance.

It were unwise, in fact, foolish for your committee to claim for this department anything more than progress; it has done no more than scratch the surface of possibilities. To realize its best future with a maximum of service to subscribers and to the membership generally will require very earnest effort, a unanimity and willingness among the officials of bureaus and committees of control and a determination to make this department one of the most valuable for service and protection offered by the credit men of the nation in cooperative action.

The annual conference of Credit Interchange Bureau Managers, held in the city of St. Louis during January of the present year, was a most interesting meeting and produced conclusions and recommendations which if generally applied should be found exceedingly useful. A special committee authorized at this conference for the study of clearances between the bureaus and the best form and manner in which clearances can be encouraged, has had no meeting

as yet, but is offered the opportunity of doing a real service to the department.

Submitting this brief report with a sentiment of appreciation for the courtesies shown to your committee throughout the year, we beg to offer the following resolutions:

I

Resolved, that the National Association of Credit Men, in convention assembled, reaffirms its belief that the credit interchange bureau as the credit man's own instrument for the economic and systematic clearance of ledger experiences, should receive a wider support from the membership at large; the bureaus organized and now operating in many of the association cities should receive their careful study, so that the bureau's principles and benefits may be more completely appreciated.

II

Resolved, that every effort should be made for clearances between the bureaus themselves in a central and better organized system, and that the officers and directors of the National Association be and are hereby urged to give all the encouragement they can to any plan that will tend to coordinate bureaus and make their clearances more complete and valuable.

III

Resolved, that the National Association of Credit Men, in convention assembled, expresses its earnest belief that all credit interchange bureaus now operating, and that may be organized, should cooperate with one another in an interchange of clearances, feeling that such a plan will not operate to the disadvantage of subscribers in the service in any section of the country and will render more protection than when the clearances of a bureau are confined solely to its own subscribers.

IV

Resolved, that the installing of a field representative for the Credit Interchange Bureau Department is sincerely approved by this convention, and that the incumbent of the office should be granted facilities by all the bureaus for an examination of their plan of operation and receive cordially any recommendations or suggestions that he may make for the improvement of the service.

V

Resolved, that since skill of management, accuracy, thoroughness and dispatch are indispensable qualities to good service in the Credit Interchange Bureau Department, and these can be had only through proper financial support, therefore the bureaus are urged to charge adequately for their service and subscribers are urged to recompense the bureaus according to the service received, for if proper service is delivered further information will be found most important and useful to the credit department in the selection of credit disks.

Respectfully submitted,

D. L. SAWYER, Chairman, F. Mayer Boot & Shoe Co.,
Milwaukee, Wis.

VICE-CHAIRMEN

W. D. HARVEY, Farley, Harvey & Co., Boston, Mass.
 W. W. PLUMB, Burhans & Black Co., Syracuse, N. Y.
 C. L. WHICHARD, Whichard Bros. Co., Norfolk, Va.
 BERT EVANS, Morris Grocery Co., Clarksburg, W. Va.,
 JOHN ROSS, Kellogg National Bank, Green Bay, Wis.
 J. E. WOODMANSEE, Richards & Conover Hardware Co.,
 Oklahoma City, Okla.
 J. L. HYDE, Carnegie Steel Co., New Orleans, La.
 R. D. ROGERS, John Morrell Co., Ottumwa, Ia.
 J. A. JONES, Salt Lake Hardware Co., Salt Lake City, Utah.
 C. E. BAEN, Anglo-London & Paris National Bank, San
 Francisco, Cal.

Mr. Sawyer then moved the adoption of the report and resolutions.

Seconded.

Carried.

GEO. C. W. KLIPPEL, Cleveland—I respectfully submit the following resolution for the adoption of this convention:

WHEREAS, the efficient service rendered by adjustment bureaus is absolutely dependent upon the moral and financial support of its member subscribers, and

WHEREAS, the possible number of subscribers in some of the local associations is not sufficiently large properly to support a bureau, and

WHEREAS, the required increase in such support can only be secured by enlarging the territory or zone covered by them; now, therefore, *Be It*

Resolved, that the National Association of Credit Men, in convention assembled, urge upon the officers and directors to extend their good offices in the best manner practicable to encourage the consolidation of bureaus now operating in the smaller local associations and the establishment of additional bureaus in zone centers, so located that they may be accessible to their subscribers by overnight mail, thereby strengthening the financial support of the bureau and making it possible for them to render competent and efficient service.

I move the adoption of this resolution.

Seconded by Victor Robertson of St. Paul.

H. F. LITCHFIELD, Boston—I should like to ask Secretary Tregoe, would it not take away certain prerogatives from local associations to eliminate from their control the local bureaus? It seems to me that the result would be to lose altogether the personal touch and put the bureaus on the same basis as the prosecution committee and other similar committees.

SECRETARY TREGOE—As I understand it, as I read the resolution offered by Mr. Klippel, that some of the smaller associations, because of a limited subscription list, cannot operate bureaus with the effectiveness that they deserve, and, therefore, he recommends that bureaus be organized for districts and under the joint control of two

or more associations rather than that they be operated by one. That plan is practiced in some parts of the country but not generally.

I do not believe, Mr. Litchfield, it would eliminate control. It would merely be joint control instead of individual control.

Resolution is carried.

PRESIDENT MCCOMAS—The next in order is Major T. J. Bartlette of New Orleans.

MAJOR BARTLETTE—My report is short and easily comprehended.

To the Officers and Members of the National Association of Credit Men:

The Supervisory Committee met in St. Louis January 21, last, together with the interchange managers of the various associations. The affairs of the Interchange Bureau were thoroughly discussed and it was the consensus of opinion that with the proper assistance on the part of each local bureau interchange was not only possible but practicable and all expressed the opinion that the interchange bureau was a necessity to the modern credit man.

Secretary Tregoe was present and stated that efforts were being made to engage the services of E. B. Moran then in the service of our country but expected to be released.

Mr. Moran obtained his release and has been working under the direction of the National office for several months and the result of his work will be shown in his report thereto.

It has been the opinion of the Supervisory Committee that the location of the Central Bureau should be in the west at some point easily accessible to the majority of the contributing bureaus inasmuch as speed is the one element of the interchange report upon which all insist.

The bureau should be under the immediate charge of the field man who should devote the main portion of his time to speeding up the local bureaus, improving their methods and strengthening the weak spots wherever he may find them.

The Supervisory Committee is strong in the belief that we must have a Central Interchange Bureau or bureaus if we are to furnish our members with what they absolutely need, full and prompt interchange of credit information.

I.

Resolved, that this convention reaffirms the conviction expressed at the last three annual conventions in the prime importance of the interchange of credit information and the necessity for a central office of distribution; and

II.

Resolved, that the incoming board of directors provide the necessary funds for the proper maintenance of the Central Interchange Bureau.

Respectfully submitted,

T. J. BARTLETTE, Chairman.

Mr. Chairman, I move the adoption of the resolutions. Seconded and carried.

President McComas then called upon E. B. Moran the field representative of the department for a few remarks.

MR. MORAN—It is only about three months since Uncle Sam decided that the army could be run without me, at which time I was privileged to take up the work of the interchange bureaus. I believe you largely understand the purposes of the field representative, to work with the Supervisory Committee of the Central Interchange Credit Bureau to speed up the bureaus participating, and to interest the other bureaus to work with, cooperate with the National Interchange Bureau Committee in the coordination of this branch of our work, and harmonizing the methods as well as obtaining a standardization of the forms and the working principles.

In the three months considerable time has been spent at the central bureau, as well as in visiting fourteen various interchange bureaus, largely in the north central section of the country, additional time being put in to the organization of two new interchange bureaus being organized more or less under such plans as Mr. Klippel of Cleveland in his recent resolution suggested, namely by zones, one in Des Moines to be operated at Des Moines but under the direction and supervision of the Des Moines, Cedar Rapids, Waterloo and Ottumwa associations and another in northern Indiana.

Our work thus far has been to make a complete survey of the different methods used by the various interchange bureaus, studying them carefully, and from these methods of operation preparing to lay our plans for development of the interchange service in a national way.

In this short time we can intelligently present a scientific and economic plan of operation for the interchange bureaus as a whole. We are working on such plan and hope in the course of a few more months, after all of the interchange bureaus have been visited, to be able to give you some such plan.

In the meanwhile, we simply hope to have your continued cooperation in the different localities which are not using the service at the present time, and the cooperation of the entire membership of the National Association in carrying through the ideals and the purposes and the plans we have for the interchange service in order to give you what we believe to be the most reliable, the most accurate, the most completely up-to-date information that you can obtain for your credit department.

In conclusion, I desire to thank the officers and directors of the National Association of Credit Men, Mr. Tregoe and the National office staff, the officers, supervisory committees of the local associations where I have visited, as well as the managers of respective bureaus, in the work so far accomplished. I believe that with that continued cooperation, we will within a short time be able to give you a plan of operation that you are looking forward to as an ideal method of handling your credit experiences.

PRESIDENT MCCOMAS—This is an interesting subject and since we have a little time, we will be glad to have a discussion, if you

like. There must be some original thoughts on this subject among so many experienced credit grantors.

SECRETARY TREGOE—I asked two associations, especially to study this report and I thought they would have something to say.

GUY TRUEX, Wichita—I think the trouble is that the report is so complete, the ground is covered so thoroughly that there is no other point to bring out.

J. J. HEDRICK, Tampa—The great doubt in my mind is with reference to this interchange bureau. We are using the credit clearing house, and it is a question of abolishing one and adopting the other. As I understand it, we here have an experiment.

MR. KLIPPEL, Cleveland—To give you some idea of the scope of this service, we have just finished our second year with an active membership of two hundred seventy-six. Last year we issued eighty-six thousand reports.

M. E. GARRISON, Wichita—My understanding is that there are in the neighborhood of fifty-six associations in the country that have interchange bureau service. My little town of seventy-five or eighty thousand in Kansas has eighty-seven members in its interchange bureau. It is self-supporting, cleared twenty-six thousand reports last year.

D. L. SAWYER—For the information of the Florida member, I might suggest that the interchange bureau is not in the experimental stage. It has been in existence eleven or twelve years and has come to stay. It is the ledger experience exchange between members of this Association. We are not in competition with any other mercantile agency or reporting agency. It was not organized for that purpose. It was organized to obtain the facts as they existed between members of this Association, and is growing rapidly. Instead of fifty-three bureaus as was stated a moment ago, there are seventy-three in existence and more in process of organization. It is here to stay and we expect to make it one of the great principles of this Association.

MR. HEDRICK—What is the operation where you have an account that is not a member of the Association? We have that to contend with.

MR. SAWYER—Unless a house is a member of the National Association of Credit Men he is not entitled to the information through the interchange bureau and cannot become a member.

MR. HEDRICK—I mean this: if we have a jobber in our city who is not a member of the credit exchange bureau, but has our customer's account on his books, how are we to obtain the information he possesses?

MR. SAWYER—You can't get his information except by courtesy. If you want to ask him for his information and to give him a copy of the report when it is finished, that is your privilege. But, unless he is a member of the National Association, he cannot become a member of the interchange bureau and cannot ask for information.

S. C. GUNN, Albany—Recently this question has come up with us. We were interested in a customer in one of our smaller cities.

We got the report from the interchange bureau, but were told that it was given us as a matter of courtesy, although, of course, we sent our check and said we were perfectly willing to pay for the information. Now, in that particular city, although we have a branch, it is not very strong and the credits are passed upon in the home office.

My question is this: Is it a wise thing to limit the inquiries that a member of the National Association may ask of a local bureau simply because its representative in that city is not a member of the local bureau and it would not really be practical for him to be so because the number of inquiries that it can use in the year would not begin to justify a contract?

MR. SAWYER—I don't know that I got the question, but, I understand you to say that if a jobber or manufacturer does not have sufficient inquiries during the year to make contract with the interchange bureau, the question is whether or not the bureau should exchange information with such, or is it that a branch house does not belong?

E. C. GAYMAN, San Francisco—We have been operating our interchange bureau for about five years and out of four hundred sixty-seven members, we have over two hundred sixty in our interchange bureau. We not only confine our efforts to obtaining ledger information but we also make the practice of securing financial statements for our members, also of taking up the question of insurance. This is not in any experimental stage at all with our association and I consider that it is one of the best practices that can be followed in the obtaining of information by members.

F. R. SNYDER—The weakness of the credit interchange bureau plan thus far is that two of the three principal Atlantic coast cities do not have adequate credit interchange bureau facilities.

There is now before the membership of the Philadelphia association a referendum on a constitutional amendment which will make every member of the Philadelphia association a member and a participant in its credit interchange bureau.

MR. GUNN—My point is just this: A short time ago we had occasion to make an inquiry with regard to a customer in one of our cities and in that city our representative was not a member of the local credit men's association—this is a branch house proposition—and of course, not a member of the local interchange bureau.

We were told by the manager of the bureau at our branch city, that as a matter of courtesy, upon payment of the regular fee, we would be entitled to a few reports in the course of the year, but, as a general rule, those reports were not supposed to be furnished except to those holding membership in the local interchange bureau. Now, in Albany, we passed upon the credits of all orders shipped from the factory. We carry stock in some of the larger cities of the country but we have branches in many more where no stock is carried.

It seemed to me that as members of the National Association of Credit Men, it would be to our advantage and also to the advantage of the interchange service of the National Association as a whole if our inquiries directed to cities where there are interchange bureaus but in which our local representatives were not members, with regard

to our customers in their territory, were not restricted to any number of inquiries which we might make during the course of the year, provided, of course, we paid the proper charge.

MR. SAWYER—I understand you are talking of a branch house where the parent house is a member of the interchange bureau.

MR. GUNN—We have no interchange bureau in our city.

MR. SAWYER—You would not be entitled to make an inquiry of an interchange bureau. There has been, however, a plan whereby bureaus might sell a report to you as a member of the National Association of Credit Men, charging you a fee for it, but that is up to the local bureau entirely.

MR. GUNN—There is no question in our minds as to paying a fee. We want to pay for our reports. We expect to pay.

MR. SAWYER—If the local bureau desires to sell you a report, it is its privilege. But, as a general proposition and as a national proposition, you have no right to ask it unless you are a member of the interchange bureau.

PRESIDENT MCOMAS—We have with us a distinguished citizen of Providence, Rhode Island, George W. Gardiner, and I take great pleasure in introducing him to you at this time.

FIGURES OF SPEECH

Address by GEORGE W. GARDINER, Providence, R. I.

Mr. President, Ladies and Gentlemen of the National Association of Credit Men:

My subject as announced in the program this morning is "Figures of Speech," but I think that a great many figures come out in conventions that are much more interesting than anything I can give to you, principally the figures in regard to the growth in membership. I know that all of you feel proud because I know that all of you believe that the great membership record has been accomplished through the efforts of your able president, and that those efforts have been aided and abetted by that Lloyd George of all credit men, your genial and congenial secretary. And, furthermore, that all of the efforts have been captained, the climax obtained, by the untiring efforts of that grand high priest of the incandescent, or of live wire men, your National Chairman Couch of Los Angeles.

It is a wonderful thing to think that in this short time you have increased your membership to such an extent. It is wonderful to a man who came to the last convention and found some doubt as to whether or not you were going to increase it, and when you get here in 1919 and find an increase of five and almost six thousand members, why, it is simply wonderful.

Up in Vermont there was an old farmer who had the rheumatism and the doctor came in. He said, "Hiram, it is no use. I can't treat your rheumatism. I can't do a thing for you up in this climate where we have these cold, damp spells and these long winters, but what you have to do is to go down to the coast. You must get to the salt water. You want to bathe yourself in the real salt water."

Well, Hiram didn't know. He had never been to the ocean.

He had never been to the coast. He had always lived in Vermont, but he knew that his cousin had married and gone down to Marblehead, Massachusetts, so he wrote her. She answered, "Come on, Hiram, we will do anything we can for you." Hiram went down. When he got there, he found that his cousin, although she lived right on the ocean, had rheumatism a good deal worse than he had and couldn't go out. So, Hiram told her what his object was. She said, "All right. I am sorry I can't go, but take the pail and go right over to the beach and you will find the water."

So Hiram took the pail and went over the heap of sand and rocks and came down to the beach where there was a man in uniform, one of the life-saving captains. Hiram said to him, "Is this the ocean?"

"Who has charge of it?"

"I have."

"How much will you charge for some of your water?"

"I will let you have a pailful of that size for a quarter."

So Hiram scooped up a pail of water, handed the life-saving captain a quarter, went back to the house, bathed himself but didn't tell his cousin anything about his expenses. The next morning he went down to get another pail. This same captain was on the beach. The tide had gone out during the night.

"Well," Hiram said, "here I am again. Can I get another pail?"

"Yes. I think we can spare it."

"Same price?"

"Yes."

"All right."

"Help yourself."

So Hiram went out where the water was, dipped down and brought back his pail, handed the captain a quarter, stood and looked at the place where he got the water the night before and then looked back to where he had to go this morning to get it, and said to the captain, "Well, you have done a hell of a business since last night!"

But, now, there has been some business done in this country since last night. By last night I mean the period before this darkness that we have had over us for the last four or five years. That is one of the things we have got to appreciate to-day, and it is one of the things that we have not appreciated. And, I don't know how long it is going to take us to appreciate it.

I have come here to say to you a few words this morning. I don't believe that all of you are going to agree with what I say and I hope you don't because competition is a mighty good thing. We ought to have more of it.

In the first place, we have been delving into democracy and into humanity and into internationalism. Those are all splendid things. They are fine things. They call out the best instincts of humanity everywhere. But, I tell you that what we need in this country to-day, first of all to lay the foundation, is nationalism and that nationalism is Americanism. We have got to talk about it. It is a trite subject but we have got to keep it going day and night, week in and week out, because they tell us that America to-day

stands before the world as the horn of plenty. I say to you, "If that is true, then let us blow our own horn a little more than we have been doing."

They tell you that the whole world is looking to America. Well, let them look. We will look back, but not backward. We look forward. There is the proposition. Why, as America stands to-day, she has the handle side of the jug, if I am allowed to mention such an article in Detroit, and she has practically everything that the jug contains. It is up to us to see that those things are properly handled.

First of all, there isn't one man out of a hundred that knows what is in America, one of a thousand! And, we people who are in business so confine ourselves to a desk and to the walls of a room that we don't get the broader and the better view, and more particularly we people in the city who have the short distances, don't get even the consolation of that kind of atmosphere to help us out. I don't know but what you of the west have a broader view of these things than we have.

But, never mind. What happened last eleventh of November? We all threw up our hats and had a great time, and then we began to put up the shutters. We said, "Nothing doing. Good-night." Why? Because we had had it preached to us for years and years, three or four years. We had had it told to us in editorials and in the magazine articles that after the war was over, look out for readjustments; look out for reorganization; look out for a drop in prices! And, I suppose I was guilty with all the other speakers in putting that thing over.

So, on the twelfth of November we began to look for a drop in prices and the first of December came and we didn't get the drop in price. Then we looked for it the first of January. Then the first of March, and then of May when we hoped we would have it. And now, it hasn't come at all, simply because it isn't coming. There can't be any drop in prices, in my opinion, that is going to upset and disturb America. The first reason for that is that the whole of the world is swimming in money and we have been taking things easily. We have been rather hesitant here in America, but, what we have to look out for is that while we are swimming in this pool of pleasure, this half-hearted, sluggish stream, that somebody don't run away with our clothes, as they did when we were boys, that some other nation in the world does not come in and swipe the whole business, because they are getting ready to do it.

We hear results about the other nations and the conditions there, but stop and think a minute of what this war called forth in Britain, what this war called forth in France in the production of munitions and implements! It called forth the finest skill that we have had in the world, matched only by the skill of America.

When you stop and think that in 1914 we had in this world just eight billion dollars of paper money and to-day, according to the statistics that have been furnished, we have forty-four billion dollars worth of paper money, thirty-six billion dollars increase in money that is being put out through this world in four years! Why, that in face value represents more than all the gold and

silver that has been mined on the face of the globe since Columbus discovered America four hundred and twenty-seven years ago. We have put out internationally over this world a hundred and seventy billion dollars worth of bonds and those bonds represent credit to a certain amount and, according to the American idea of bank balances, we have increased all over the world fifty billion dollars.

So, you have over two hundred and fifty billion dollars of increased facilities for people to buy things with. You wonder that we have unrest. Why, they tell us that the love of money is the root of all evil. The clergyman tells you that it isn't money that is the root of all evil. It is the love of it. He probably has a reason for that because he doesn't get over-much of it.

I am sorry, but the one great cause of all of this social unrest to-day is the fact that we have so much money, and we have more money, increased it in greater proportion, than we have increased the commodities that it will buy. There is the trouble—the depreciation of money. Its purchasing power in the last four years has been greater than it was for four hundred years, from thirteen hundred to seventeen hundred.

When we go back to seventeen hundred and find them producing the silver from the new world and bringing it into Europe, we find them talking then about the inflation of prices, and waiting for prices to drop. They didn't drop, but the inflation of money continued from seventeen to nineteen hundred—two hundred years more. And yet, this depreciation in four years of war has been greater than the drop from seventeen hundred to nineteen hundred.

We had some remarks at our opening session about the great amount of gold we have. Well, now, don't worry. That gold is an uncomfortable thing to have. We have too much of it, it is true, but the fact remains, out of all of this paper that has been issued, we don't have to worry a minute in America about the soundness that is back of our paper money. For, I tell you that on the basis of the paper money, we have, and the banks credits that we have established through deposit accounts in this country, 7 per cent. more gold against them to-day than we had in 1914.

In other words, we could go on expanding our currency in this country to-day 70 per cent. more and still be on the safe side, and not be at a greater proportion than we were in 1914. So, you have a great, big margin to use up. Professor Fisher of Yale says that the man who talks 1914 prices to-day speaks a dead language.

Now, don't get over-optimistic. I don't want you to do that. I don't want you to feel that I am, but it is well to know a whole lot of these facts and appreciate them. You know the optimist is the fellow who buys oysters and expects to find a pearl, and the pessimist expects to get ptomaine poisoning. I don't want you to be pessimists at all.

What is the trouble? Well, we hear people say, "I don't know. If I were sure about the future, if I could be certain, if I only knew what the prices were going to be next fall, if I could have a guaranteed price!" I will tell you what we did up in New England.

The woolen people went to work and put out some prices and said, "We won't sell any goods below those prices for next fall." Deliveries were the result. The result is that we have nearly every

woolen mill in New England running day and night. In one town that I know of in my own state, we have four mills that are refusing orders to-day. That is the way business has started.

The cotton manufacturing industry is working the same way. It is because we have fixed a definite rule and we know that we have a price guaranteed. We are going to it and we know the people are going to have the money to buy it. But, when we stop as America is and begin to hesitate and doubt about what America is going to do, and what is going to happen to us, and to be uncertain about the future, why, it is one of the most unpatriotic things we can do. Just stop a minute.

Take this great procession of states. I want to pass a few of them in review before you and let you look at them and see what we have. First, we will take one of the great, big states, that great big state that advertises the almost perpetual sunshine that is condensed in its osculated oranges. And, that state is California. On its banner it says that its sister states and itself produce 20 per cent. of all the gold produced in the world. Then we go up north to the great, big state that furnishes us a large proportion of our staff of life, and remember that Congress, here only sixty or seventy years ago said, "You can't grow wheat much north of the latitude of Milwaukee." Yet, they have developed up there, and what does Minnesota say on its banner? My sister states and I produce 25 per cent. of all the wheat produced in the world."

Then you go out to the great keystone state and what do you get on its banner? You get on its banner, "My sister states and I produce 40 per cent. of all the iron and steel that is produced in the world. Then, when you go away out to that state on the Pacific coast, the state that has the inland sea, you find on its banner, "This state and its sister states produce 40 per cent. of all the silver produced in the world."

Right here I just want to inject a remark, a few of you know about it, but silver is getting to be quite a commodity. Silver to-day is almost sixteen to one. For this reason: that gold is the standard and can't change, and we have the peculiar situation in this country of a man who heretofore has had a profitable gold mine and to-day can't make any money out of his gold mine because all of the material that he uses in the operation of the mine, all of the labor that he employs in the operation of the mine costs him more and more, and more, and every ounce of gold he gets out he gets just the same amount of money for! So, that is the reason that gold production in this country has dropped off 7 per cent. over 1917 and is still going down. You will measure your silver just the same as you measure your potatoes and as you measure cloth, and when the government took the price off of silver a dollar and something, up it went to one-twenty-one and when it gets to one-twenty-nine, you have your ratio of sixteen to one, and Mr. Bryan stands forth justified.

Then take another state, a great, big state out in the center of the country that said, "Show me" in America. But, a great big state that represents the difference between "Show me" in America and "Show me" in France, because over there she didn't have to be shown. That state has on her banner "My sister states and I produce 50 per cent. of all the zinc produced in the world. Then

you go to the great state of Illinois with its great capital and the center of that whole great basin that has become the real source of treasure of all of the United States. You find on the banner of the state of Illinois, "My sister states and I produce 52 per cent. of all the coal that is produced in the world."

We go up to the northern border and find a state that has not put its business buildings up in the air as we do here, but it does its business by driving big holes down in the ground. You find that the state of Montana puts on its banner, "My sister states and I produce 70 per cent. of all the copper produced in the world."

Go out to another, younger state, and you find that Oklahoma puts on its banner, "My sister states and I produce 55 per cent. of all the oil produced in the world." You go down south and come to the greatest state of them all, the greatest state in size and I don't know but the greatest in resources, the state of jasmine and onions. The state of Texas puts on its banner, "My sister states and I produce 66 per cent. of all the cotton produced in the world."

Then you go to the garden of the world, to that square hunk that looks like a piece of cake as we see it in our old school geographies, to that wonderful state that is the bread basket of America, to the garden of the world, to the state of Kansas. Kansas says, "My sister states and I produce 75 per cent. of all the corn produced in the world." Wonderful Kansas producing this year two hundred and eighteen million bushels of wheat, the biggest production ever made by any single state!

Now, I say to you Kansas fellows that you got it rubbed in a little the opening day so I thought you had better have something said about your commonwealth. And, when it comes to corn, say, the rest of you don't know what corn it. Why, do you know that the production of corn in Kansas is more than the production of corn in all of these states, the six New England states, New York, New Jersey, Delaware, Maryland, Virginia, West Virginia, South Carolina, Florida, Minnesota, North and South Dakota, Montana, Wyoming, Colorado, New Mexico, Utah, Washington and California put together!

And last, or along toward the last, we come to another state, to a state surrounded on three sides by water and yet absolutely dry inside, the state of Michigan. On its banner it says, "My sister states and I produce 85 per cent. of all the automobiles produced in the world."

Then I will take you up in the northwest and pick out another state up there, and I will say to you that during this great time of activity in America when we had to provide shipping to feed the world and feed our armies and keep them alive, and win the war. They made the record on building a ship, and so the state of Washington has on its banner, "My sister states and I plan to build thirteen million tons of shipping in the next eighteen months, and we have already raised America from the position of ninth in shipping in the world to the position of second," and that is where we stand to-day.

Thus I might go on. I might tell you about old New England and about Massachusetts and her production of shoes. I might

tell you about Rhode Island and her production of jewelry that you love to embellish your fair ladies with. Rhode Island—one of the few states that did not vote to go dry! And, Connecticut that produced more munitions to fight this war and carry it on than any other state in the union! And New York—New York, the fellow that gets it all after you have done all you can!. It all goes to New York. Then they proceed to tax them in Washington and then Washington lets New York have it all back and so there is the situation here in this great land of ours.

But, somebody comes up and says, "Well, I don't know. There is a lot of unrest and there is a lot of "Ism" and everything of that sort, and I feel rather uncertain. I don't know what labor is going to do. I don't know what this bolshevistic idea is going to amount to, and all of those things."

Well, now, we have always had those things. We haven't noticed them particularly in America, we have been so careless. For instance, who ever speaks now of the bomb outrages? You don't hear anything said about them and they are only two weeks old. But, we have always had that class trouble. The trouble has been that we have not suppressed the outbreak at the start. And, the trouble is that we have not provided that these red hands shall keep out of this country, and that if they are here, they shall go out.

We get confused. The ordinary socialist is a harmless person. I mean harmless so far as destruction is concerned. His theories are wrong. He looks at things from the wrong angle. It is our business to change him. But, the principle of socialism to-day means the centralized control of the production and the distribution of wealth, and that is all there is to it.

We mustn't confuse the socialist with the anarchist. I am not defending socialism but there is a distinction between the anarchist who wants to destroy and the socialist who wants to control for the common use and to divide. So, we get a little mixed up in our definitions so far as socialism is concerned. We must remake human nature. It has always been that man wanted something he did not have and never wants to give up that which he has.

Take the Garden of Eden and go right back to the origin of the whole race. When Adam and Eve wanted the apple, they wanted the apple. But, Adam didn't go and say, "Here, God, I have a nice peach or a fine plum and I will trade it for the apple." No. He wanted to keep them—all three. He wanted to keep everything he had, and yet he wanted the apple. So, the idea of the communist to-day is generally misconstrued with that of the socialist.

Mr. Casey said to a friend of his one day, "What the devil does this socialism I hear so much about mean?" "Why," said his friend, "don't you know what socialism is? That means that the fellow who is rich and has a lot of money and property divides it up with some one who has none."

"That is a fine idea. Suppose you had ten thousand dollars. You would be willing to give me five."

"Well, if I had ten thousand dollars, I would feel like a rich man. Of course, I would give you five."

"If you had two houses, would you give me one?"

"Of course, I would give you one."

"If you had two cows, would you give me one?"

"What would I do with the milk of more than one cow. Of course, you could have one."

"Well, if you had two goats, would you give me one?"

"Not by a damned sight. I *have* two goats!"

There is the idea. And, where you carry that thing right through, I suppose we can properly quote a German philosopher in these days since the Armistice was signed because you know the devil can quote scripture for his own purpose, but the German philosopher defined socialism, to my mind in one of the most concrete definition we have—"Those tendencies which demand a greater regard for the public welfare than is consistent with human nature."

So, you have to fight this old human nature, this selfishness idea all the time in order to carry that through. And Germany—that is pictured to us as the great socialized nation that built up her prestige all over the world in every line of human activity through a state controlled socialism—look at the thing to-day! Why, Germany stands to-day facing an army at her borders, facing revolution inside, her kaiser has fled—everything confusion!

An old colored preacher was preaching one night. He said, "O Lord, Thou who didst protect Daniel in the fiery furnace." He went on, and when he had finished the prayer, Deacon Jones got up and said, "O Lord, I hope Thou wilt overlook that mistake our pastor made about Daniel because Daniel was not in the fiery furnace—Daniel was in the lions' den." Then the pastor got up and said, "Brothers and sisters, about that mistake I made in speaking of Daniel—it doesn't make any difference whether Daniel was in the fiery furnace or whether he was in the den of lions, he sure was in one hell of a fix!" So, that is the proposition with Germany to-day.

But, when I say to you that we have twenty million out of a hundred million that are partners of this government through the purchase of bonds, that hold an interest in this government and have something to stand for; when I say to you that there are houses that house twenty-one million families in the best of circumstances compared with any nation on the face of the earth; when I say to you that in this great country, six million people own their own homes free of mortgage; when I say to you that three million people own their homes subject to mortgage; when I say to you that six million people in this country have twelve billion and a half in the savings banks; when I say to you that in this country thirty million people have policies in life insurance companies representing a total of twenty-seven billion dollars face value, more than all the money we have borrowed on Liberty Bonds; when I say to you that we are spending two million dollars a day on schools, that we have a billion dollars worth of volumes of books in our libraries; when I say to you that our total wealth is two hundred fifty billion dollars in this country, then I know you will rejoice with me in saying that with the great mass of the American people holding those interests so dear to the hearts and the life and the happiness, that all of us are going to be able to say, "All you 'isms' of heresy, of hatred and hell itself, come on. We defy you all."

Now, I haven't time to talk to you the way I wanted to this morning, but there is one more thing I want to call your attention to, that you can't have any social revolution in this country, you can't have any action here that is going to violate the sound economic laws. If you do, you are going to plunge America into an abyss. It isn't going to happen. You needn't worry about it. You can't violate the economic law without paying the penalty, and America has too much intelligence to do that. Character is what counts with America all over the world to-day. They talk about diplomacy all over the world, but I tell you diplomacy of the dollar is the diplomacy of a sound dollar.

It is not the entanglements and the cheating and the concealments that we have had for the last hundreds of years, that isn't America's idea at all, but there is one thing I want to call your attention to: In the last fifty years America has given the world 65 per cent. of all of its useful inventions. Where would your cotton be to-day if it hadn't been for the invention of the cotton gin? Where would your farming have been if it hadn't been for the invention of the agricultural implements? That is the reason we can do those things—because we have in America the inventive brain that rises to the opportunity. When everything seems difficult, out comes some fellow and fixes that thing.

When we had a telephone strike in New England for five days, we suffered in that region with not a telephone to call a doctor, to call a hospital, to do anything. Every person was out, and I will say to you that during all of that time, and from that time to this, you have the most active inventive brains of America working to determine upon some kind of a telephone that is automatic and doesn't require an operator, or else there will be a wireless telephone, and I predict that we will have it and have it in operation in a very few years.

Now, take the coal situation. Here is the situation in Great Britain. Forty years ago this country was producing thirty-three million tons of coal a year and last year, 1918, we mined six hundred and eighty-five million tons of coal. Wonderful increase!

Great Britain before the war produced two hundred and sixty tons of coal a year per man. They have trebled the wages in Great Britain—three times what they were before the war—and Great Britain produces instead of two hundred sixty tons of coal per man with her wages trebled—now what is the result?—two hundred sixteen tons per man! Coal at the mine in Wales costs seven dollars and twenty cents a ton in Manchester, and in Birmingham it costs ten dollars a ton, and we can produce our coal in the Pocohontas district for three dollars a ton at the mine. Now, what is going to happen? I will tell you what is going to happen. When you get this shipping that we are building up at Seattle and all the other places, we are going to peddle coal all over this world. But, what has Britain done? With two months, Britain's Cunard Steamship Company has ordered every vessel of that immense fleet equipped with oil-burners. So, England's trade on the sea isn't going to depend on the economic situation as regards the coal business.

My time is extremely limited. There are just one or two more things I want to say to you. We from the East don't know much

about agriculture. It is a wonderful thing for us to come out here and ride through your great fields, and see the wonderful production that you have. It is a revelation to us; we people who have seen immense mills and factories and things of that sort come out into the open and see this wonderful bounty of nature and see how you are taking advantage of it, and what you are all doing.

We realize that you are the backbone of America in doing that sort of thing. Let me call your attention to one or two things in that connection. That is, that one day last month the Shipping Board reported to us that a hundred and fifty-one ships were on the Atlantic Ocean bound east, and every one of those ships with food cargo—one hundred and fifty-one ships with food cargo—and in the month of April last, the exports of meat and dairy products from this country were more than the exports for the entire year of 1914. The exports of foodstuffs and meats for ten months ending the first of May this year were greater than they were for five and a half years preceding this war. Don't you see that Europe that hasn't had a piece of white bread in four or five years, that hasn't had a piece of meat in four or five years, her three or four or five hundred million people, as soon as they can get a chance to work, are going to work their finger-nails off to get some white bread and some meat? There is where America is coming in and we shouldn't have any hesitation about this. We should have the spirit that went out and carried this war through.

I said to a boy, "What actuated you when you went over the top, when you went out into that front line and lay there for seventy-two hours wounded? What were you thinking about? Were you thinking about anything in the line of high ideals?" He said, "No. I was determined from the time I landed in France, and it lasted me all the way through, that none of those damned cusses over there should come over to America and do what they did to France, and I knew that I had a hundred million people at home that were backing me up in that idea."

You did splendidly here. You organized. You obtained a real vitalizing effect in your business, and I believe that this same thing can be done in peace. This waiting attitude of ours will be disappear as America again gets her pace, after her resting period following the Armistice. I hope that every one of you will have the spirit, the real, true American spirit that we showed three thousand miles away from home, with a determination that showed the world that the American flag henceforth has to have the respect of the entire world, and you have to make any further sacrifices to do it that have to be done.

Just one more word: I suppose a great many of you in your home towns have had your celebration for the homecoming boys. You have welcomed them. They have been heroes. It has been a remarkable thing. They are brave. They are courageous. They are entitled to all the praise and all the glory and all the honor you can show them, and ought to be entitled to that for all the remainder of their lives. But, there is a lot of boys who went over who are not coming back. They are the men who really paid the penalty of that spirit of sacrifice that they went to endure that you and I

might live here in comfort and peace, and carry on as we have carried on previously.

The government says that it is going to bring back the bodies of the dead soldiers, but there are some of the bodies that can't be found. There are some of bodies that have been wasted by those high explosives until the dust of those bodies has mingled in that soil of France that for centuries and centuries has carried the dust of the Roman, of the Gaul, of the Hun, of the Goth, of the Visigoth, of the Frank, of the Frenchman, of the British, of the Belgian, and all the other nations of Europe, and can't be separated and brought back. But, the spirit of those boys can come back across the three thousand miles of ocean and stand at the gateways of our country and say, "Back you anarchist; back you criminal; back you undesirable." That same spirit can stand at the doors of your shops, at the doors of your banks, at the doors of your business houses, at your farms, at your mines, in your forests, and say, "On and on and on, America, to progress and glory and prosperity." The same spirit can stand at your churches and say, "America, be free to worship God according to the dictates of your conscience, God of love and infinite mercy, and not a state-controlled god of hate and war and lust." That spirit will stand over your homes and say to you, "Live in comfort and peace and ease and luxury and enjoy your pleasures that I have had to give up." That same spirit will stand over your children to-night as they kneel by the bedside and say their prayers and will protect them in their child-like faith.

I say that if America only has that spirit; I say that if America only carries that to the end; then we shall win in peace as we have won in war, and God forbid that either our children or our children's children shall read from the pages that the future historian writes of this great world conflict that the sons of America won this war and the fathers of America lost it.

"Nothing but flags looking above,
But they are bathed in tears
That tell of triumphs, of hopes, of fears,
Of a mother's prayers of a boy away,
Of a serpent that is crushed,
On the coming day.

Silent they speak and the tears will start
As we stand beneath them with throbbing heart,
And think of those who are ne'er forgot.
Their flags come home. Why come they not?"

PRESIDENT MCCOMAS—I think it is a great honor to have a member of our Association and a delegate deliver an address such as you have just heard. I personally am proud of our member who has just spoken to us.

You have just heard from a man from Providence, Rhode Island. You will now hear from N. Hallgren of Seattle who leads the next conference subject on "Some of the Important and Peculiar Problems in the Commercial Credit Field at the Present Time and How Shall They Be Handled."

**SOME OF THE IMPORTANT AND PECULIAR PROBLEMS IN
THE COMMERCIAL CREDIT FIELD AT THE PRESENT
TIME AND HOW SHALL THEY BE HANDLED**

MR. HALLGREN—What a wonderful change in conditions since a year ago. You then stood, as it were, with your backs against the wall, with clenched fists and a grim determination to do your part toward winning the world war then raging. The war is over and we are still permitted to transact business under the protection of the Stars and Stripes.

I was requested to address you on "Some of the Important and Peculiar Problems in the Commercial Credit Field at the Present Time and How They Should Be Handled." A subject of magnitude and importance, and one that cannot be more than slightly touched in the short time allowed for its consideration.

It is generally acknowledged that fully 90 per cent. of the business transacted in this country is transacted on a credit basis, and credit is recognized as the corner-stone of the business structure, but in discussing it we must of necessity dwell more or less upon its allied factors.

We should consider ourselves as extremely fortunate to live in this age when transition is the order of the day, when extreme changes come over nations in an incredibly short time; changes that vitally affect our business structure, and changes that we must be broad enough and flexible enough to meet.

Some of the nations of the old world have, prior to four years ago, looked upon us as a nation of millionaires and spendthrifts, lacking in culture. Our ability to meet emergencies was greatly underestimated, but the views of our European neighbors are now changed and we have been abruptly transformed into the main source of ability and supply.

Not only are we now the creditor nation of the world, but we are called upon to feed the hungry millions of the devastated lands, whether friend or foe. I am told that very recently thirty large ships were loaded with provisions for Germany.

As recently as four months ago students of economic conditions as well as business men and financiers, were less optimistic than at present. They realized that manufacture had to change from production of war supplies to the manufacture of goods needed for human comfort, with possibilities of lack of demand for our manufactures owing to Europe's impoverished conditions, unemployment of labor and a decline in prices. Conditions have, however, brightened beyond our fondest hopes. Labor has found plenty of employment at the highest wages ever known, and the labor situation will be further affected by the exodus of men to Europe as soon as passage can be obtained.

The demand for manufactured goods exceeds the supply, and prices have, as a whole, not declined. The general trade and labor situation justifies the prediction that there will be no precipitate decline back to pre-war levels, but that the readjustment will take place gradually following upon lower prices of foodstuffs.

No one can predict with any degree of accuracy when foodstuffs will fall, but it is evident that the predictions, common in the early part of the year, were not justified, for even the government's

withdrawal of restrictions on certain necessities failed to produce a downward tendency. We are not prepared, however, to accept the doctrine that the present price-level is permanent, for many features of the present situation are abnormal. The present state of turmoil in Europe will cease to exist.

Russia and other countries will again be in position to export foodstuffs, manufacturing will be resumed by England, France and Germany. Sooner or later they will produce for the open market, and when they do, the prices on many goods will fall. When Europe becomes more nearly self-supporting in foodstuffs, agricultural products will decline in price, and since the cost of these and other necessities are the basis of all industrial costs, the effect will be general.

These possibilities should, however, not tend to relax our vigilance for foreign trade. England, France and Germany have in the past done most of the financing necessary for the development of foreign countries and have reaped the benefit, but they are no longer in a position to supply the capital needed for this purpose, and America must furnish the larger part of it from now on.

Our future foreign commerce depends largely upon our attention to foreign investments. In the past, London has been the great international market for the securities of every government of the earth and of the industries that were among the principal sources of national wealth.

The same opportunity is now knocking on our door. Rates of investment returns in Latin America, Asiatic and other countries in need of development are higher than in the United States, and under careful supervision these investments should attract the attention of the American investor and promote the export of American manufacture.

Due to the war, the export trade of the United States has enormously expanded, and due to the same cause we will soon have the greatest merchant fleet in the world, and trade follows the flag.

With these possibilities of foreign commerce confronting us, we meet with new problems in the credit field. Our foreign credit-granting prior to the war was comparatively small, but new conditions will compel us to pay attention to the foreign field, to prepare to meet conditions and customs there; either to educate to shorter term credits or bring about conditions where longer credits can be granted.

The growing use of bank acceptances in foreign trade, the favorable rates at which bills of exchange may be discounted and the willingness of banks to handle business of this kind should make it simpler than before for the exporter to do business on the basis of time drafts and to renew when it is desirable.

Let us now, for a moment, turn our attention to the peculiar problems confronting us in the credit field in our own land. With the prevailing abnormal prices of necessities and commodities, it is natural to create agitation for reduction in the high cost of living. We know that sooner or later a decline in prices will take place, but it is reasonable to expect that there will be no general decline at least until the present crop is harvested and marketed.

Many merchants have, during the period of advancing prices, taken advantage of the situation and fortified themselves financially, but it is generally acknowledged that those with less business ability sold their goods at a fair margin, ignoring the cost of replacing. This class of merchant bears close watching, for many of them are in line for failure when a decline in prices occurs.

Every credit grantor should keep posted as to the amount of stock such merchants carry, and as to their ability to meet price reduction. Financial statements should be requested freely, and they should be carefully analyzed. The successful working out of the readjustment problems rests upon the flexibility of commercial credits. Yet it is of utmost importance that terms be short, collections prompt, and that there be a keener discrimination in the selection of credit risks than at any time during the war-time period.

A thorough understanding between the sales department and the credit department is essential. The credit manager should cultivate a friendly feeling with the selling force, and the fullest co-operation should be brought into play, for the salesman who calls at the customer's place of business can readily obtain information of utmost value, and such information should be promptly conveyed to the credit manager. Some houses have found it practical to make the salesman responsible for the collections in his district. Others view this as impractical, but it would, at least, seem advisable to have the salesman fully realize the responsibility of his position and his duty to his house in assisting to prevent the creating of a bad account.

SECRETARY TREGOE—Now, Mr. Hallgren, as you have demonstrated that your reaction is good this morning, speaking about the problems in the commercial credit field, do you really believe that the credit manager has any problems these days when there are so few failures? Can't he just as well leave things and take all kinds of risks because payments are running particularly well? Is he really confronted with problems?

MR. HALLGREN—He is most assuredly confronted with problems. There are problems a-plenty. The very laws of nature always have a beautiful spell before a storm. Apply it to yourself.

SECRETARY TREGOE—You mean to tell us, Mr. Hallgren, that in these days of great prosperity, when there are fewer failures than have been known in this country since records were begun to be made by the mercantile agencies, there are real problems? Do you believe that the credit man should be even more alert under these conditions than when conditions are not so prosperous? What do you say to that, Mr. Hallgren?

MR. HALLGREN—I believe that we are facing a period when it behooves every credit man to be wider awake than ever before in his life, and to keep better tab of his customers than ever before, to obtain a full knowledge of their financial condition, because we have to bear in mind that we are living in an age of great extravagance when the money that should be laid aside as a reserve for the rainy day is often spent in Detroit for an automobile.

H. G. RAYMOND, Pittsburgh—Why does Mr. Hallgren say that this is an age of extravagance. I thought it was the age of thrift. We have bought more government bonds and thrift stamps the last few years than ever before, and somebody told how many million people had bought them.

MR. HALLGREN—I am not a bit surprised, Mr. Secretary, that the gentleman from Chicago agrees with me, because I lived in that city twenty-four years. I am an old Chicagoite. I am not one bit surprised that the member from Pittsburgh does not agree with me, because I come through that city once in a while.

With a big volume of money at the command of every individual, except me, there has been a great deal of saving, naturally, for they could not spend it all. But you will agree with me that it is also an extravagant age. I wish nothing better than that every investor in Thrift Stamps and Liberty Bonds should keep them or be compelled to keep them. Shame upon the so-called investor who tenders his Liberty Bonds to me in payment of a bill. He will never succeed, for I will compel him to keep them.

E. H. HERMAN, Detroit—Why should a healthy man work himself into a sickness? With the good condition that exists in business, why should we let ourselves become run down, and not continue to concentrate on business as we have heretofore.

MR. HALLGREN—I do not know that the question is quite clear to me. I presume that the member from Detroit has in mind that business should always be conducted along the lines it is to-day. I have been in business a great many years. I have seen the downs but I have never seen that any great prosperity in business could go on forever. The very law of nature dictates that if you climb up to the highest round of a ladder you must come down or you will meet with misfortune.

A. SEIDENSPINNER, Sheboygan—I agree with the member that in these times we must be particularly alert because of the tendency not only on the part of manufacturers, but of the dealers, to over-expand, due to the unusual business conditions. Where there are overexpansion and unusual conditions, as a rule, there is a reaction, and it is the reaction that we have to look out for.

SECRETARY TREGOE—Now, all who agree with Mr. Hallgren that in the midst of the greatest prosperity this country has ever had there is a greater need than ever for alertness, prudence and skill in the granting of commercial credits raise their hands.

(Unanimous raising of hands.)

Mr. Hallgren, this question is rather technical. Is there any danger in high prices?

MR. HALLGREN—There is always danger in anything that is abnormal because, as the gentleman from Sheboygan stated, "She is a 'boygan.'"

I believe if you will just bear in mind not the question but the statement from the party from Sheboygan your question is answered.

SECRETARY TREGOE—Mr. Hallgren has answered that question partially. Is there a danger in high prices? Will you talk on it?

H. G. RAYMOND, Pittsburgh—I cannot see how there is much danger in high prices because at the present time there is no government control. I believe that competition will regulate prices. If prices are high, they will come down on account of competition. It does not need anything else. I believe that all manufacturers are able to back up their high prices at the present time, and there is not so much danger now as we thought there was four months ago—not nearly.

H. F. PAVEY, Indianapolis—There is undoubtedly danger in high prices for this reason: that many merchants are making abnormal profits and will speculate, and increase their stocks beyond proper capacity, and beyond what they are able. There is danger of overloading a man's stock of merchandise, getting in too much goods, and when the time comes, and it is bound to come, through this overspeculation and the falling of prices, there is going to be a severe loss to the merchant. There is also going to be a severe loss to the community at large.

Those of you who remember the panic of 1893 recall something of the conditions when prices went way down and were low. There was no money with which to buy anything regardless of price. Abnormally high prices are dangerous.

CLARENCE BRADEN, Louisville—The danger in high prices lies in the fact that they will go down when the merchandise is in your customer's hands.

P. E. PARROTT, St. Joseph—I think we must all recognize that there is some danger in high prices. It seems to me that this may be easily overstressed. I should depend upon three things—the cost of the raw material, the cost of labor and distribution, and the element of profit there is in it.

I think we will all agree that the cost of raw material is higher, the labor cost is higher, and these two elements we cannot confuse under present conditions. I do not believe that the margin of profit to-day is exorbitant and as long as these two staple, basic conditions remain where they are I do not believe there is so much danger in high prices. If the raw material goes down or if labor should go down, then we would face a different problem.

CHAS. E. NATHAN, Chicago—If at the present time credit is extended on the basis of a hundred thousand dollars, given a reaction, and one hundred thousand may only amount to sixty thousand dollars. Credit men should take caution at this time to estimate the actual worth of a customer and extend him credit remembering that we are on an inflated basis.

A. J. PEOPLES, Detroit—Referring to a remark made by Mr. Hallgren—I would like to inquire of those present how many consider it an evidence of extravagance to buy an automobile?

J. J. RARDEN, Portsmouth—There is no danger in high prices if this crowd will do its duty. The danger is in allowing your patrons to buy more than they are able to take care of. There is where the trouble is. You make money when prices are high, but you lose it if you sell to people who cannot pay promptly.

R. J. FINDLAN, Manitowoc—I think there is an element of danger in high prices, and I will just read about ten lines taken from the "American Metal Market":

"It seems to be well established that mills sold an aggregate of three thousand tons for locomotive building in Italy on the basis of two dollars and fifty cents, Pittsburgh, or three dollars a ton under the regular price. British prices are much higher than ours, hence the cut represents simply profit between American mills, unless the consumers cannot, competing with each other on foreign business and maintaining prices to domestic buyers, etc."

I think there is an element of danger when prices are kept up in that manner.

E. D. FLANNERY, New York—I fail to see any danger in high prices at any point from which you figure it, and I have been surprised to hear credit men announce that there is a danger. The only danger is to the gambler and the sooner we eliminate him from among us the better for the business communities. The man who goes along day by day and buys according to his requirements will never so overload that he cannot stand the depreciation when it comes.

J. S. THOMAS, Philadelphia—There is danger in high prices. I think we all recognize the law that rising prices benefit the debtor business world. If prices are at the high point and start to go down, we are going to lose the difference between what we paid for our goods and the market price. Every credit man should be on guard to see whether the present prices are basic.

It has been here said that labor and material are holding up the market. That is true. If we stay where we are, we are all right, but it is for us to determine whether prices are going to stand still, go ahead or go backward, and I think the majority of us agree that they cannot go much higher.

H. G. MOORE, Peoria—I want to agree with Mr. Flannery. I think that our time to judge conditions is to judge conditions by our times. I have no objection to every man in this country, no matter what his position is, owning an automobile. I have one made in Detroit. But there was a time when the farmers came to town on horseback; then they came in a farm wagon, and then they came in the spring wagon, and now they come in the automobile.

When I was a boy, I sold dressed chickens in a grocery store at two for twenty-five cents. The other day I paid a farmer two dollars and forty cents for a chicken. I bought that chicken for my grandson. I have no objection to Mr. Farmer getting two dollars and forty cents for his chicken if in proportion for the goods that I sell I get the price.

I stood beside one of our workmen the other day as he asked for a cigar. The girl offered him a nickel cigar. He said, "I want something better." She says, "Here is a ten-center."

"Well, I want something better."

And, she gave him a quarter cigar. I have no objection to that man smoking a twenty-five or a fifty-cent cigar if in pro-

portion to the wages he receives he gives efficient, productive service.

I think we have come to a new time, and I think some of us old men fail to realize that conditions have come and conditions have confronted and do confront us to-day from which we shall never return to the old level.

I talked not long ago with a man who for three years hesitated on account of high prices. He thought that he knew; he was convinced that prices were too high—I want to say to you that that man hesitated himself out of business and to-day is in the hands of his creditors. Why? Because he had an up-to-date competitor on one side and the same thing on the other side. Both with a rising market were buying and selling conservatively as they should and both making money. In these times of high prices and high profits both of these men prospered while he hesitated himself out of business.

I believe in getting in touch with the times and rising to the level which is here.

SECRETARY TREGOE—After this debate, as many as believe that there is a menace in high prices raise their hands. Those who do not believe there is any danger raise their hands. The first has it. Mr. Hallgren, you have made it most interesting. You have told us to be alert, for in the midst of our prosperity there are menaces.

PRESIDENT MCCOMAS—The next speaker is the Hon. John Lord O'Brian, formerly Assistant Attorney-General of the United States at Washington, D. C. I take great pleasure in introducing to you at this time Mr. O'Brian. We have allowed him ample time, but if he exceeds his time limit I know that you will be glad to have it so.

GOVERNMENT BY PUBLIC OPINION

Address by JOHN LORD O'BRIAN, Buffalo, N. Y.

The subject on which I was asked to speak to you is a subject which has engrossed this government, or rather the law officials of this country, in an unusual sense for the past two years, and this subject is "Government by Public Opinion in War Time."

The Department of Justice, during the war, was run in a strictly non-partisan fashion. The Attorney-General of the United States Gregory is a brilliant and eminently sane Texan. He assigned all of the war work of his division to a man from the Niagara frontier, the other extremity of the country, who is a well-known Republican. The war work of the Department of Justice was therefore transferred to one individual by the grace of the Attorney-General, who had on his shoulders the task of supervising all the war prosecutions of this country, acting as legal advisor for the Department of Justice Secret Service and—perhaps I can tell it here without fear—is personally responsible for the internment orders of all the Germans who have been interned since October 1, 1917. I do not wish to give you an historical summary of my action during the war because that is a matter that is past and gone, but there are one or two

matters in connection with the results of our secret service activities that I wish to call to your attention as I proceed. The main theme of my address is the surprising contribution which America made to the war in the matter of control of its public opinion.

I know very little about credits because I see only one end of that subject, and I know very little about business conditions except as a lawyer learns business in connection with large business litigations, but there is underlying your field of inquiry and the field of inquiry in which I have been engaged for two years, and from which I have recently retired, the same fundamental question of observing the currents of public opinion in America. The reason why your officers asked that this subject be discussed was, I take it, the fact that there is at the present time in this country a great deal of muddled discussion going on suggesting that new and strange laws be enacted; suggesting restriction of free speech; suggesting changes in immigration laws, and there is an undercurrent of feeling in many quarters shared by many intelligent people. I am sorry to say that there is some great change or revolution impending in this country for which we must all watch out.

Any government which is run as a government of public opinion, and this government of ours stands out first and foremost in that category, when strictly defined, runs great risk of demoralization; great risk from false theories being advanced. If you except Great Britain, which was far better prepared than we were at our entry into the war, there was no country in the world subjected to so many dangers within as the United States of America. You must all recall the grave apprehensions that we shared all over this country after Von Bernstorff was given his passports. We looked forward to a time of disorder. We knew something of the German activities in this country two years before Privy Councilor Albert had come to New York with an official staff, bringing with him in German second loan treasury notes one hundred and fifty million dollars to be expended in America in commercial, political and German propaganda. We knew, those of us who were associated with the activities of the secret service, that prior to our entry into the war the German government had spent at least thirty and probably thirty-five millions of dollars in attempting to corrupt and debauch American public opinion. It worked in all sorts of ways. That government employed adroit and able newspaper men like Hall to act under the guise of special correspondents to contribute special articles to the leading journals of this country. It helped finance at least one of the Irish publications, "O'Leary's Bulletin." They sent Dr. Strauss here and he conducted through the Hebrew newspapers a distinct propaganda aimed at the cultivation of a Hebrew public opinion which would be friendly to Germany. In addition, they embarked, through the aid of Von Rintelen and Lamar, whose convictions were affirmed three days ago, in a dark plot to corrupt and debauch the opinion of organized labor in this country. Those men in six weeks' time, in a small area, spent, as appeared at the trial of that case in which I happened to be a participant, three hundred and twenty thousand dollars in newspaper matter alone.

We knew, also, more devilish schemes that they had undertaken. We knew about Dr. Shale and his fire bombs, that druggist

in East Brooklyn, who had lived there some twenty-three years, apparently running a little drug store, but in reality one of the official German "Fixed Posts," as they are called in espionage language, a German chemical spy. He manufactured fire bombs and invented new chemical substances to cause explosions on ships, with the result that scores of British and French ships were damaged or destroyed before we entered the war. We knew the activities of German secret service during the Franco-Prussian war. We knew something about what they had been doing in England and France before we entered the war. We knew of the incident of Captain Steinberg coming into this country from Siberia, bringing with him the germs of glanders and the foot-and-mouth disease, which were to be spread on the outgoing transports which carried mules from New Orleans for the Allies. We knew of Dumba's efforts to withdraw from our munition plants a great number of Hungarian workmen. We knew about our own agrarian disturbances of the middle west. We knew all about the troubles on the coast with the I. W. W., with which those of you who come from Seattle are, I am sorry to say, most familiar of you all.

In the face of that situation, we looked forward to the 6th day of April with a good deal of apprehension, you will remember. We expected that there would be explosions, destruction of railroad bridges, destruction of plants, destruction of ships, railways, other difficulties or disasters, but the 6th of April came and went and nothing happened. What was the cause of that? With this enormous alien population in this country, with nearly five million alien enemies in this country, at that time the largest alien population of any country engaged in the war, how did it happen that nothing that had preceded the war happened in this country after the war?

Well, in part, it was due to the activity of the American secret service. If I might digress from what I want to say, perhaps I can relate to you an incident illustrating the methods of that service which throws some light on what happened afterwards. An illustration, for example, of the accuracy of that service. The layman believes that the secret service of this country is some great dictionary, that if you are a member of the secret service there is nothing you cannot know by taking down a book from the shelves. The secret service knew no more than you did about a great many features of German propaganda, and when you set out to find a spy among a hundred and ten million people on the North American Continent, your task is somewhat difficult. Nevertheless, during the year that preceded our entry into the war, the chief officer of the Department of Justice Secret Service had for his own purpose made up a list of all of the Austro-Hungarians in this country whom he, from his confidential reports, believed to be dangerous men. We were not in the war. Those men were not violating any statute on our statute books, but, nevertheless, with that sixth sense of caution that some men are born with, he carefully compiled this secret list and then, after that, there came a day when Dumba was sent home to Austria, and, following diplomatic custom, he filed with the State Department a request for a safe conduct for himself and his entire party and when that was checked up at the

Department of Justice every name which appeared in the chief's confidential list was contained in the list of the Ambassador of Austria, asking a safe conduct for his men.

I can speak freely of these things because while legal advisor of the secret service I was not a part of it and therefore I am not speaking about my own achievements when I speak of what these men did.

Four or five days before the declaration of war there was sent to all the divisions of the American secret service a set of cipher telegrams, each one asking the recipient to locate, find and keep track of a certain person or persons named in that cipher telegram. There was nothing further said. On the day that the war was declared people of this country had forgotten the existence of the old internment statute giving the Attorney-General under the President power summarily to apprehend and intern dangerous enemies. There was prepared, the night before war was declared, another set of telegrams filed with the operator of the Department of Justice, again in cipher, and the moment the news was telephoned from the White House that the President had signed the proclamation which declared a state of war to exist this second set of telegrams was released and during that night there were seized, all over this country, practically all of the master agents of the German secret service at that time known to this government and they have never since been freed.

All of this propaganda, all of these efforts of the Germans in this country had failed. Now why had they failed? The few German sympathizers continued a long time after we entered the war. No one knows that better than I do. No one who has studied the internment records and ordered the internment of so many hundreds of German alien enemies could have any doubt as to the apparent degree of the German danger in this country. And yet it all came to nothing. As we know now from Von Bernstorff's recently deciphered messages, no one knew better than Von Bernstorff that all the millions that were spent were spent for nothing; that all the devious plans that had been set afoot to cause disaster in this country failed. Now why had they failed? They failed partly because of the efficacy of the American secret service and the promptness, the alertness, the relentlessness with which it acted, but more largely that failure was due not to any mystery of the powers of the secret service—wonderful as they were—but simply and solely to the sheer integrity of the character of the average American citizen.

The great labor plot of Lamar, Von Rintelen, Buchanan and that group was the most carefully devised plan known, I think, in American criminal annals. It was a perfect piece of work in design. There was plenty of money with which to carry it out. It got a fair start all through the east and as far west as the Mississippi River. Chicago saw a great deal of it. And yet that plot failed. Not because anybody nipped it particularly, because that was before we entered the war, but because the attitude of Mr. Gompers was the attitude of the average wage earner. They were distrustful of plans to exploit labor and they themselves killed it for good and for all.

Now no other nation has the record of America in the war. Let me call your attention prominently to that fact because it deals with a problem of which I want to speak in a moment and very briefly. No other nation in all human history ever passed through any war with as few difficulties as the American nation went through this war. There was not in this country a single riot during practically two years of war. If you except the incident in southern Illinois, which was due not to any conspiracy against Germans, but to a local labor disturbance, there was not a single case of serious outrage anywhere in the United States. Out of a population of a hundred and ten million people, a population containing five million alien enemies and perhaps fifteen million or more aliens, out of that population, with all the varieties of opinion entertained politically and economically by the people of this continent, this government found it necessary to prosecute and convict less than five hundred people under the Espionage Act for wilful interference in the war. Less than five hundred people out of one hundred and ten million. No other nation in history has ever had such a record at any period of its existence. Out of the German alien enemies in this country plus the Austrian alien enemies in this country, altogether nearly five million people, we came through with this marvelous record of quietness, evenness, temperateness, sanity, with having to intern, during the duration of the war less than twenty-five hundred alien enemies.

The British and the French interned indiscriminately all alien enemies within their borders and shut them up for five years. We had a better conception of justice to our own people, a better idea just to what extent there was danger in these people, and the result proves it all. America's contribution to the war on the military side needs no comment from anybody. America's contribution to the war on the side of material achievement needs no boastful expression, for it speaks for itself. But nobody has paid any attention, up to date, to the greatest and most enduring contribution of all, the maintenance in America of a fundamental confidence on the part of the average citizen in his cause and in the government of his country during all the crises of the war. That is the distinctive American contribution to this war to which historians will look back and to which they will point with much pride in future years.

I wonder if you stop to realize the sacrifices that the average American made to the war, the undramatic, unheroic sacrifices. Why, when you stop to realize it, think of the extraordinary fact that practically all of the food regulations, all of Mr. Garfield's unpopular regulations, were put through and were accepted by the people, the men, women and children of this country, with practically no law to enforce them. There rose up in this country a power of public opinion never before known in history. We talk about invisible government and condemn it, but during the war we had in this country an invisible government of public opinion that swept beyond all law, that needed no law to support it. It consisted simply and solely in the respect that every American had for the good opinion of the man who lived next door to him. That is what put through the food regulations. That is what put through the fuel regulations. That is what protected the waterfront of this

country. It may not be known to you because it has never been mentioned publicly, but the entire seafront of the United States from Maine to Vancouver was patrolled by American citizens under a system of regulations promulgated, not by the army or the navy, but promulgated by the Department of Justice, and the support of which depended entirely on the voluntary action of the citizens in the seaports and the voluntary sacrifice of a great deal of money on the part of the property owners on the seafront. They protected the rear of the American army and navy and they did it as private citizens, not required to do it by law, but simply doing it as volunteers and urged forward always by this strange indefinable power of public opinion.

Now we are told that great changes are going to take place in America. No man who has for two years been reading important secret service reports daily and nightly, for in the Department of Justice alone they have averaged fifteen hundred a day during the war, no man who has done that, no man who has read internment records by the thousand, can fail to draw certain conclusions from what he has read, unless he is a blockhead or a fool. He must form some opinion as to the future of his country. And rightly or wrongly these are the conclusions that I have drawn acting in that strange capacity during the war.

You need bother your heads not at all about Russian Bolshevism in this country, for it is absolutely dead to-day. Don't be frightened and swept off your feet in the large cities and particularly those cities that have had the greatest difficulty because of alien population during the war. Don't be frightened by the handbills and the red literature and the red flag. Don't get now into a hysteria that we did not have during the critical days of the war. Don't let the hang-over of the war sway your judgment now. The literature, the handbills, the newspapers of those people who call themselves the Russian group all show and have been showing for more than two months that the writers are full of despair. Nobody knows better than they that that particular brand of foreign disorder can find no place in America, and they know that it has definitely failed. And so this group of terrorists, the bomb plotters, who make a serious menace to certain individuals and the lives of certain great and useful men in this country, this menace which is composed of a very small group, must be dealt with with an iron hand and stamped out relentlessly.

But this menace offers no real danger to that stability of American government in which I am chiefly interested and that stability of American business conditions in which you are interested, as well as in the stability of the government. That is not a serious matter and as for these so-called Bolsheviks who meet in the large halls and pass resolutions and denounce this country, that is the same group which is nothing more than the old, every-day party of disorder and discontent which, so long as we have democratic form of government, will always be raising its voice. We are on the threshold, in this country, perhaps, of labor disturbances, entirely natural, however we may disagree with them, but this country is not on the threshold of any widespread national labor disturbances. Get that out of your minds.

Labor in America won this war. It was the intelligence of the wage earner more than that of any other member of this great nation which put the war through to a successful conclusion. A speaker in the German Constituent Assembly the other day hit the nail on the head when he said, "Bolshevism? Why, Hunger is the pacemaker of Bolshevism," and with the glowing picture that your eloquent speaker from Providence drew this morning I think you will agree that this country is in no great danger from hunger at the present time.

No! But the same dangers confront this country that used to confront it. The confidential reports of this government show what you know, that there is a different attitude on the part of capital, a different attitude on the part of labor in many parts, in many sections of this country which must be dealt with, but you cannot pass any laws to deal with those things. Nothing is more foolish than this talk of passing laws at the state capitols and in Washington to shut people up. Don't ever try to shut people up in time of peace. If a man is a fool, you will find it out a great deal quicker by letting him talk. The Department of Justice, despite a great deal of criticism from well-intentioned people, started out in this war on the platform that the American people were sane and were reasonable and that if they understood the object of regulations, the object of demands, there would be no trouble in enforcing the law and Mr. Garfield and Mr. Hoover proved that a million times over. What we need in this country is not this glib talk about reconstruction, it is not this lip service to Democracy, that word that has been so much overworked. What we need, to be sure, is Americanization. But what is this Americanization? Is it waving the flag and getting every foreigner to come up and kiss the flag? Is it arbitrary action of breaking up parades in cities? No! That is not what Americanization meant to the men that founded the republic. Americanization means toleration coupled with relentless punishment for violation of law. Americanization in this country cannot be brought about by any law. No statute that you can pass will greatly improve the present condition of discontent here and there in this country. The old, slow, patient road is the only one that can be traveled. "We have gone ahead too fast in this country," as your eloquent speaker, whom I gladly quote again, has said. We have forgotten all about the elemental principles of America and why America's institutions of government were fundamentally different and are fundamentally different from all the rest of the world. We have got to begin among the wage earners; among the day laborers who don't speak English; among the business men, the bankers, the lawyers. We have got to begin the old, slow task of teaching people over again the reasonableness of the American institutions of government.

I wish that every man who talks so glibly of the changes that are coming and what the lawyers ought to do and what the government ought to do, could stop his enthusiasm long enough to re-read his history of the period of reconstruction in this country after the Civil War. He would learn something. I wish he would go and read, better still, the history of the last decade of the eighteenth century in England, when there was a great reaction against

the French Revolution and the excesses and the terrorism of the French just as we are having it toward Russia to-day. Men who read those things would see that the world is not so very new, that the same inherent prejudices of people exist to-day that used to exist. They would realize that no statute can stop it; that no denunciation can change men's opinions; that no mobbing of men can mould them into a different frame of mind than Busching himself said during that period, "Revolutions of the people never come from popular caprice; they never come from a passion for attack." Yet that is what many are telling us will happen here. They never come from those causes. Revolutions never come except from the impatience of people under suffering.

Now if, in every community in the United States, we had the plain old garden variety talk to-day and every day of why America won the war, not necessarily alone because of its armies and its supplies, but above all because of the intrinsic character of the American citizen that made the women give up in the household food and warmth and that made the boys volunteer gladly and gladly acquiesce in the draft, the old fundamental characteristic of America having faith in the reasonableness of institutions—if we only had that, and we are going to have it, the future will be sane and even-tempered, and you credit men, I suppose, will rejoice more than anybody else.

PRESIDENT MCCOMAS—I wish to thank you, Mr. O'Brian, in behalf of this convention. And now I present J. H. Weer, who will present to you the report of the Legislative Committee.

MR. WEER—The printed copies of the report of the National Legislative Committee have been widely distributed throughout this room and you have all had an opportunity to read them.

REPORT OF LEGISLATIVE COMMITTEE

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Committee on Legislation cannot offer at this convention the striking constructive results which former committees have been permitted to present in active legislative years, for the reason that state legislatures in 1919 were so generally deeply engrossed in readjustment problems. The story of the year can best be told in a brief summary of the states where legislative committees were organized and operated. However, before proceeding to this summary your committee would speak of some specific matters of which in its judgment this convention should be informed.

Great praise must be given to a committee especially organized on the Uniform Conditional Sales Act which, for a period of two years and in cooperation with the Commissioners on Uniform State Laws, studied this subject minutely and helped in a substantial way to evolve a uniform act containing reasonable, practical and protective provisions. This measure was introduced in a number of the state legislatures of 1919, but through the initiative almost entirely

of the Commissioners on Uniform State Laws. The net results of these individual efforts were not compiled by your committee before proceeding to the preparation of this report. In future years the direct initiative of state committees for the introduction and passage of the Uniform Conditional Sales Act is earnestly recommended to the Commissioners on Uniform State Laws and this Association. S. J. Whitlock of Chicago was chairman of our special committee and Henry S. Blum of Chicago its counsel. Altogether the effort of the committee and the results obtained are deserving of our sincere thanks and appreciation.

The state committees during the present year followed the earnest advice of former conventions and confined their programs to the presentation of not more than three bills—very largely one or two—and to the defeat of measures which were of a hostile character and considered unsafe to business and credits. There was discovered in almost every direction earnest interest, and your committee believes on the whole, and after considering the peculiar conditions of the year, that results presented in the following summary are excellent, reflect a wholesome interest in the states for needed and wise legislation, and a coordination of effort that will always be the secret spring of success of the National Association of Credit Men in the legislative field.

CALIFORNIA

The legislative efforts in this state were promoted largely by the Board of Trade of San Francisco, whose eminent counsel, Joseph Kirk, is always alert to legislative conditions. While the Board of Trade and our own legislative committee in California offered directly no measures in the California legislature, yet they opposed three pernicious measures, which ultimately were defeated. Enumerating them—the Carter Bill which, if passed, would have embarrassed the operations of our adjustment bureaus in California; Assembly Bill No. 102, which would have imposed an unnecessary and unscientific tax on mercantile agencies operating in California; and Assembly Bill No. 1098, which would have given to landlords, liens for rentals such as would deprive other creditors of just rights.

The defeat of these measures, due so largely to the efforts of the Board of Trade of San Francisco, was received with appreciation by your committee and will be acknowledged with thanks by this convention.

COLORADO

The chairman of our state committee, W. A. Hoover of Denver reports that his committee was on the alert against hurtful legislation. No new legislation was attempted.

CONNECTICUT

Our committee in this state, under the chairmanship of Joseph G. Shapiro of Bridgeport, introduced two bills in the state legislature—our Uniform Registration Act and a bill to require the disclosure of books when the debtor has apparently made a false statement, similar to the measure obtaining in New York State. These two bills

met with no progress though the chairman of the committee earnestly endeavored to advance them in the calendar.

FLORIDA

The legislature of this state does not convene until late, but it is a pleasure to say to this convention that the state legislative committee, under the chairmanship of J. W. Pettyjohn, has arranged a broad and practical program which it hopes to get through, at least partially, during the legislative term.

IDAHO

Through the instrumentality of the Utah Association of Credit Men, which extends its membership into Idaho, there was passed in this state a new comprehensive and protective Bulk Sales Law. The provisions of this act should be studied by grantors of credit in Idaho. Sincere thanks are due the Utah association and all who assisted its legislative committee in obtaining this excellent law.

ILLINOIS

The chairman of our legislative committee of this state, S. J. Whitlock of Chicago, reports the introduction of several measures in the Illinois legislature, but when this report was written none of them had passed. There was, however, splendid prospects of success for the entire program of the committee. In all likelihood the chairman of the committee will be required to offer a supplement to this report presenting the results of the state legislative efforts accomplished and reported to him after the preparation of this report.

Illinois has always held a high place in the legislative department and its committees have been distinguished by the efforts for protective credit laws.

INDIANA

Our legislative committee of this state, under the chairmanship of Henry A. Jeffries of Indianapolis, obtained an act regulating notarial fees in Indiana. There had been no definite rule controlling here and our committee felt it were wise to remedy the situation and obtain the needed legislation. The success of the effort deserves sincere appreciation.

In addition, the committee endeavored to obtain the Uniform Conditional Sales Act, but certain circumstances prevented anything beyond the effort and the net results of the state program were confined to the one act.

IOWA

Our legislative committee in this state, under the chairmanship of E. C. Rea of Des Moines, presented no measures for itself but assisted in obtaining the passage of the Uniform Sales Act, of an act providing for certain bonds for contractors and an act fixing a certain time for the filing of liens on building construction. These three measures, while not pertaining immediately to the work of the Association, were considered desirable by the committee, and its best efforts were given to their passage. In addition, the committee

assisted in defeating several pernicious bills, the details of which it is not necessary to recount here.

MASSACHUSETTS

After one of the hardest-fought legislative battles, and following two previous defeats, our committee in this state, under the chairmanship of Robert A. B. Cook of Boston, succeeded in obtaining our Uniform Bad Check Act. It were impossible in this brief report to tell of the difficulties encountered by the committee, and even though at one time there seemed nothing to anticipate but a duplication of the two previous defeats, the measure was pressed and eventually became a law. The sincere thanks and appreciation of this convention are due the Massachusetts legislative committee and its chairman for this result.

MICHIGAN

Our committee in this state, under the chairmanship of Judson M. Perry, presented three measures to the legislature; two of them are for the reforming of the banking laws of Michigan and the other our model False Statement Act, failed of passage; but the third, our Uniform Bad Check Act, was passed and is a law of the state. The committee and its chairman will have the sincere thanks and appreciation of this convention even though it obtained but one of the three measures advocated.

MINNESOTA

Our committee in this state under the chairmanship of W. G. Anglin of St. Paul, presented and fought hard for a bill amending the Bulk Sales Law of Minnesota, and even though a splendid fight was put up by the committee and every line of influence exercised for the passage of the bill, it failed at the close of the session for reasons which it were difficult to explain in this report. Despite its failure, which duplicates experiences of recent years, the committee is deserving of our sincere thanks for the earnest, diligent way in which the bill was prepared, offered and supported.

MISSOURI

Our committee in this state presented two measures—one a Fire Marshal Bill which met with defeat though it was advocated strongly and the fight led vigorously by the St. Joseph association. The need of such a law in Missouri is obvious, and the defeat of the measure is sincerely to be regretted.

Our Uniform Registration Act was also presented by the committee and at the time of this report was meeting with progress and a likelihood of eventual passage.

MONTANA

In this state, largely through the efforts of the Northern Montana Association of Credit Men, there was passed a Uniform Bad Check Act. Bills amending Assignment and Bulk Sales Laws of the state were offered, but failed of passage. The credit grantors of Montana are to be congratulated upon having the protection of the

Uniform Bad Check Act, and every one concerned in its passage deserve sincere thanks.

NEBRASKA

Our legislative committee in this state, under the chairmanship of F. L. Sturdevant of Omaha, considered offering in the legislature a bill to reduce the exemptions of Nebraska, but nothing definite came of it and the committee did not consider introducing other legislation.

The legislative committee of the Lincoln association was instrumental in obtaining from the legislature an appropriation and authority to inaugurate a College of Business Administration as a department of the University of Nebraska. Your committee congratulates this state and the Lincoln committee for this splendid piece of work, so thoroughly in line with the ideals of the Association.

NEW JERSEY

Under the chairmanship of A. B. Underwood of Newark, our committee presented and obtained the Uniform Bad Check Act. The measure failed of passage by two former assemblies, and your committee cannot speak too strongly of the splendid work accomplished by the New Jersey committee and its chairman.

NEW YORK

Our committee, under the chairmanship of H. T. Owen of Utica, presented no measure in the New York assembly, but assisted in obtaining passage of a bill introduced by the New York Bankers Association for the amending of the Negotiable Instruments Act of New York State. The committee felt it were inopportune to offer any measure in behalf of the Association, especially as New York state has all of the uniform acts recommended by the Association.

OHIO

The legislative committee in this state, under the chairmanship of N. F. Nolan of Dayton, obtained a Bad Check Act. This law does not conform entirely to the Uniform Bad Check Act of the National Association, but is nevertheless protective in its provisions and for its passage the state committee is to be thanked and congratulated.

OKLAHOMA

Our committee in this state, under the chairmanship of E. L. Bozarth of Oklahoma City, presented in the Oklahoma legislature a bill allowing actions to be filed against individuals and co-partners at the point of origin of the obligation, that is, where the debtor resides. The measure failed of passage, though the committee endeavored earnestly to obtain it.

PENNSYLVANIA

Our legislative committee in this state, under the chairmanship of A. R. Darragh of Pittsburgh, has done good work and deserves the sincere thanks of this convention. The committee offered two measures—one the Uniform Bad Check Act, and second, a new and highly protective Bulk Sales Law needed badly by Pennsylvania. Both of the measures passed and have become laws of the state.

SOUTH CAROLINA

Our committee in this state failed again to obtain our Uniform False Statement Act and Bad Check Act. For eight consecutive years we have endeavored to obtain the passage in this state of our False Statement Act, and for three consecutive years the passage of our Bad Check Act. Rarely do we find such persistent opposition to the sound commercial legislation offered by the Association, yet we are sure succeeding committees will take up the task and push forward until the legislative shell of South Carolina is broken.

SOUTH DAKOTA

Our legislative committee in this state did not offer any measures in the legislature, but confined its efforts to watching the proceedings and assisting especially one measure of importance to the state.

TENNESSEE

In this state our committee, under the chairmanship of Green Benton of Nashville, has done good work, defeating several pernicious bills and obtaining passage of the Registration Act. This Act differs somewhat from the model act of the National Association, but is quite complete in its provisions and will give protection to credit grantors in Tennessee. The sincere thanks of this convention are presented to this committee.

TEXAS

Our committee in this state, under the chairmanship of Vernor Hall of Dallas, outlined a very practical and complete legislative program and introduced two bills—one for the amending of the Landlord's Lien Law of Texas, that was passed after an earnest effort, and the second, our Uniform False Statement Act, that had not proceeded far enough when the legislature adjourned. The committee has received assurances that it will be revived at a special session of the Texas legislature. No one without an intimate knowledge could appreciate the difficulties with which this committee has contended. For its persistence the sincere thanks and congratulations of this convention must be extended to the committee.

UTAH

In this state the principal accomplishment was the passage of a new Bulk Sales Law in Idaho, which has been referred to in the paragraph under Idaho.

WASHINGTON

In this state the legislative committee, under the chairmanship of Ralph B. Smith of Tacoma, offered no measures of itself, but assisted in defeating some pernicious measures in the Washington legislature.

WEST VIRGINIA

Our committee, under the chairmanship of E. M. Keatley of Charleston, W. Va., felt it were not wise to offer any measure for itself or to do more than watch the legislative session, giving what assistance it could to desirable measures and to defeating pernicious ones. The committee had nothing to report.

WISCONSIN

Our committee, under the chairmanship of Frank G. Smith of Milwaukee, concentrated its efforts upon the passage of a Commercial Arbitration Bill for Wisconsin, and succeeded in securing it. In addition, our committee supported or opposed other measures in the state legislature; but for its own constructive and definite effort, the Arbitration Law, and its success, the sincere thanks of this convention are owing.

Reviewing this summary, your committee would confirm the opinions of preceding committees that it were wise for the National Association of Credit Men to formulate and recommend commercial laws only as they are absolutely needed and laws that are simple, practical and protective in type; that state committees should confine their programs generally to two measures and never go beyond three. The National Association of Credit Men should be known as an organization seeking legislation alone for the remedying of seriously defective conditions, legislation that is needed for the public service and for the protection alike of creditor and honest debtor.

If such a policy is maintained, the legislative efforts of the Association will continue to get respectful attention.

Thanking the state committees for their diligence and uniform courtesy, your committee in concluding this report begs to offer the following resolutions:

I

Resolved, that the National Association of Credit Men, in convention assembled, notes with gratification and sincere thanks the results obtained by the state legislative committees of 1919 as presented in the summary of this report, and records its thanks to the chairman and members of the committees for the diligence, prudence and persistence with which they conducted their work, for the new measures obtained and for all efforts put forth even though the desired goal was not always reached.

II

Resolved, that the National Association of Credit Men, in convention assembled, registers its disapproval of reliance, solely, on laws passed for this and that purpose, believing firmly that laws should be sought and granted only where unsupported human efforts are unavailing; it reaffirms in this resolution the conviction of former conventions that the uniform commercial laws prepared and recommended by the Association should be few in number, simple, practical and protective in type, and of a character that will appeal to the good sense and discrimination of legislatures as affording equal protection to creditor and honest debtor.

III

Resolved, that the thanks of this convention are extended sincerely to the Special Committee on the Uniform Conditional Sales Act and its chairman, for the work done in evolving an act of uniform and practical application. The very best assistance of the

National Association and the local associations are offered the Commissioners on the Uniform State Laws for the passage of this act until it becomes uniformly adopted throughout the states.

IV

Resolved, that local associations of credit men, through the organization of state legislative committees and in cooperation with the Committee on Legislation of the National Association, be and are hereby urged to devote careful study to this department, so that members of the local associations and the National Association may know of the measures passed for their protection, the firm policies of the Association for this department, to the end that the best powers of the Association will always be expressed in promoting desirable commercial acts and giving to them the proper application with such force and effect that they will neither be neglected nor misunderstood.

Respectfully submitted,

J. H. WEER, Chairman, West Coast Grocery Co., Tacoma,
Wash.

VICE-CHAIRMEN

H. R. SLADE, Westcott, Slade & Balcom, Providence, R. I.

H. T. OWEN, First National Bank, Utica, N. Y.

LEON WALLERSTEIN, Strauss Bros. & Co., Richmond, Va.

CHAS. REYNOLDS, Reynolds-Lindheim Cigar Co., Nashville,
Tenn.

F. G. SMITH, Frank G. Smith Co., Milwaukee, Wis.

G. F. BENTRUP, Koken Barbers' Supply Co., St. Louis, Mo.

JOS. HASPEL, Haspel Bros., New Orleans, La.

E. P. STEWART, Minneapolis Tribune, Minneapolis, Minn.

E. ROSENBAUM, Rosenbaum Bros., Salt Lake City, Utah

Motion was then made and seconded to accept the report and adopt the resolutions of the committee.

Carried unanimously.

Adjournment.

AFTERNOON SESSION

Third Day, Thursday, June 12, 1919

President McComas called the afternoon session of the convention to order at 2:20 o'clock and called for the reading of the report and the resolutions of the Investigation and Prosecution Committee by its chairman, Freas Brown Snyder of Philadelphia.

MR. SNYDER—I am sure you must all concur in the wisdom of the officers in eliminating the reading of the reports and confining the work of the committee to the submission of their resolutions. This places upon the committee the peculiar burden of emphasizing in those resolutions the high spots in their reports. We ask you, therefore, to look upon these resolutions not as mere formal phrases but as the meat of this report culled out by your committee to outline the best plan in their judgment for the continued work of your Investigation Department.

The Investigation Department does not stop working after writing its report for the convention and things have happened since this report was written. It will be interesting to supplement this report by saying that the day before we left Philadelphia the Grand Jury handed down eleven indictments in two cases, three in the Chester dry goods matter, which is largely local, and eight in the Lichtenstein case, which is a New York and Philadelphia case. You are probably aware that on the same day the fifteen defendants in the New York case of Solomon Brothers pleaded guilty, thereby wiping out one angle of the conspiracy which was referred to in our report of one year ago. The department is already on the trail of a further development in the same case and hopes for equally propitious results.

As an indication of the standing of our department, I would like to say to you that the Department of Justice of the United States has specifically asked us to reopen a case, never, by the way, in our hands, in which they have discovered palpable fraud. They think the case should be prosecuted and they look to your Association as the proper instrument of prosecution.

The report and resolutions of the committee are as follows:

**REPORT OF INVESTIGATION AND PROSECUTION
COMMITTEE**

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

The province of this report for several years was to make the history of the Investigation Department. It now serves only to record the splendid history of this work made by the department.

The steady pressure of increased work, induced by the successful handling of the cases intrusted to it has resulted in a consistent expansion of the department's facilities and personnel. It is now housed in an office added to the National headquarters, affording a highly desirable privacy and opportunity for concentration without lessening its contact with or responsiveness to the National officials.

Justin Henderson, assistant secretary and manager of the department, heretofore on leave of absence for service overseas, returned to his duties with us on May 1, honorably discharged from the United States army.

C. L. Williamson, who acted as manager in Mr. Henderson's absence, has returned to his former position with the Lexington association. Although his connection with the Investigation Department was recognized as a temporary one, Mr. Williamson put into his work such energy, initiative, aggressiveness and care as a less conscientious man would only have given to a permanent occupation. Regardless of the future direction and execution of our work, Mr. Williamson has left an indelible impression on its development which will persist in shaping its course through the years.

The department is fortunate in being able to continue Mr. Williamson under a retainer for the investigation of cases within eighteen hours' ride of Lexington and to study the preparation of indictments covering the several phases of commercial fraud.

C. D. West continues as chief investigator, for around him that phase of the department's activities is built. It would have been natural to assume that in running out the Great Western Jobbing House swindle several years ago he had reached the zenith of his career, so finished was the work and so productive the results. As incidental to his daily routine in the past year, Mr. West has unfolded the case of Henry Gerard as sufficient proof that all of his previous efforts have only served to give him a running start toward new triumphs. So completely has he established the story of this remarkable criminal that Gerard has had to refer to Mr. West's notes to fix certain important dates and locations in his career.

The value of Mr. West's work is not confined to the immediate present, but he is actively and cheerfully cooperating in the efforts of your committee to preserve and pass on to the future some part of his experience in and aptitude for commercial investigations. We are constantly confronted with the uselessness, and even worse, in this line of the average detective, regardless of his skill in tracking out offenders against other branches of the law. Money spent for the services of such investigators is usually wasted and their blundering methods increase the difficulties and expense of intelligent investigation. We are, therefore, constantly looking for available material for commercial fraud investigators and when it is discovered, Mr. West is active in its proper training.

During the year we have used two investigators in separate fields to which they seemed adapted and have achieved results warranting our confidence that we have candidates for the necessary increase of our staff, forecasted by the steadily growing number of cases coming under our care. These men are employed on temporary terms as the ebb and flow of activity makes their services necessary.

When the work of this department of our Association reaches a permanently financed basis, resident investigators will have to be established in some important city of the central west and eventually one on the Pacific coast.

The financial record of the department appears in the following reports of receipts and expenditures.

RECEIPTS

Balance forward from June 1, 1918 Report	\$11,772.67
Received from subscribing associations ...	\$8,858.25
Received from National Association	2,500.00
Received from individual subscribers	2,762.00
Interest	793.28
Miscellaneous receipts	450.13
Unredeemed pledges	2,658.00
	<hr/>
	18,021.66
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	\$29,794.33

EXPENDITURES

Salaries	\$5,476.52
Travelling Expenses	1,962.44
Case Expense	2,971.95
Postage	88.40
Stationery	146.75
Publicity	918.70
Clerical	1,301.00
Miscellaneous	1,378.98
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Unredeemed pledges	2,658.00
Cash on hand May 15, 1919	12,891.59
	<hr/>
	15,549.59
	<hr/>
	\$29,794.33

The statistical record of work handled by the department is shown by the following:

Cases pending June 1, 1918	87
New cases recorded during year	49
	<hr/>
Total cases	136
Old cases closed during year	55
New cases closed during year	8
Total cases closed	63
	<hr/>
Cases pending May 15, 1919	73

The system of records now employed does not entitle a case to a place in the above record until it is apparent that a thorough investigation will be required and that there is a possibility of maintaining a successful prosecution.

There have been many cases submitted for preliminary consideration and not yet beyond the correspondence stage, which cannot as yet properly be considered as prosecution cases. These cases have not been recorded, but are held in a pending file awaiting further data and developments before being numbered and submitted with recommendations for committee consideration.

The usual time required for the conclusion of an important case of any magnitude is about two years. The many angles of investigation, the procuring of indictments, the delays due to crowded courts, legal technicalities and specious defenses make the process of convictions slow and tedious. This fact has in the past reduced the number of successful prosecutions and emboldened the criminal because few business men had time and patience to see a prosecution through to the finish. Our department, however, never tires, never forgets and patience is its middle name.

During June of this year three important cases in which the investigations have been completed and indictments secured will

come to trial. They are the Ardmore (Oklahoma) Mercantile Company, on which the department has been working for over two years; Sol Lurie of Dothan, Alabama, referred to in our report to the Chicago convention, and Henry Gerard of Mount Clemens, Michigan, a case initiated in November, 1918, and now about to be concluded.

The active managers of the department have noted this year the further development of organized conspiracies, involving a large number of men, as against former isolated instances where only two or three were concerned in a fraud. The New York association brought one such combination to an end with sixteen arrests, exposing one angle of the Assyrian frauds, mentioned in the introduction of our report made to last year's convention. Your department participated in this investigation both personally and financially and is proud to have been a party to such effective work.

We have under investigation now two similar fraudulent organizations in Pennsylvania with every chance of a successful outcome. The number of persons involved makes possible the transfer of merchandise in moderate amounts to so many stores that a large aggregate disappears, the creation of fictitious receivables and the establishment of far-flung lines of communication, usually radiating from at least one business man of large means and good reputation, thereby greatly increasing the difficulties of investigation and conviction.

It is, perhaps, needless to add that an important adjunct of such conspiracies is a group of shrewd, unscrupulous lawyers who are the better able to defend their clients because they have prepared them for their failure. The success of investigation work cannot be measured by the lesser offenders convicted, but only by bringing the brains as well as the tools to justice.

North Carolina harbors a third band whose operations long unchecked have grown in magnitude, boldness and daring until severe losses are threatened. The department has only made a cursory investigation because complaints are few and scattered, but sooner or later the scheme will head up.

The difficult situation in this case is one with which we are too frequently confronted. The sentiment of the community is not averse to such practices provided the losses are confined to the more distant and affluent eastern centers and the influence of the conspirators in the very halls of justice themselves is so strong that a successful prosecution cannot be conducted until the Department of Justice can be convinced that the existing agencies make conviction impossible.

Even the casual reader of this report must note with some amazement the prediction of a series of failures in which our members will suffer with no apparent suggestion for avoiding such a loss. This marks one of the weakest features of this department. Our manager and investigators know with absolute certainty a half-dozen plague spots. They can predict with reasonable accuracy when a credit risk, heretofore good, is preparing for a failure. But they are powerless to bring those facts to the attention of our members until the failure has occurred and the loss has been realized. This suggests the pressing need for coordinating the investi-

gation department with an active, efficient, serviceable general interchange bureau.

The limits of this report do not permit detailed comment on the interesting cases constantly passing through the department. They excel in ingenuity of plot and thrilling interest the best products of detective fiction. It is only fair, however, to the men responsible for the accomplishment to summarize briefly the more important. Since the history of the work receives its permanent record in these annual reports, an additional reason for their mention is afforded.

On September 15, 1918, one Henry Gerard with his wife left their two stores in Mount Clemens, Michigan, in charge of a woman manager and departed on a pleasure trip, as they announced. Nothing further was heard from them and on October 23 their creditors took possession and filed an involuntary petition in bankruptcy. Only nominal assets were discovered, but a steadily mounting total of indebtedness finally reached \$100,000. C. D. West was called in on the case on November 9 and the sum total of his clues were a new railroad guide, an empty medicine bottle, two red-lined envelopes and some hotel stationery. A few tests in opening the guide showed quite conclusively that the bankrupt had been looking up western trains; the envelopes eventually led to undisclosed property in Brooklyn, N. Y.; the hotel stationery helped in establishing the prior record of Gerard; and the medicine bottle traced back through the druggist to the prescribing physician disclosed numberless clues and brought out the record of his life in Mount Clemens.

An asset of great value was the interest and determination of the receiver, Gerard Doyle, Esq., of Detroit, whose cooperation was essential to complete success.

The covering of mail and express enabled the receiver to locate Gerard and his wife, trading as the Outlet Merchandise Company, Leavenworth, Kansas, and he descended on them there on Christmas Eve. They were eventually brought back to Detroit, indicted and held under \$20,000 bail. The trial will be set for some time in June, and so complete is the chain of evidence forged by Mr. West that Gerard is expected to plead guilty.

Gerard's real name is Glosion Stein. He failed in Jackson, Mississippi in 1912 under the name of Frank O. Taylor; in Portsmouth, Ohio, in 1914, as W. C. Evans, and in 1916 at Newburgh, N. Y., where he was known as George W. Stewart. Prior to this time he had an interesting career in the west, failing at Hoquiam, Washington, in September, 1913, under the name of H. Gordon Fowler. His methods possessed neither originality nor variety. He would buy small amounts on credit, pay promptly, establish a favorable record, order in larger shipments of merchandise, pack the major portion of his stock in trunks, ship them out and disappear. At one time he had fifty-seven trunks, each with a single class of merchandise, in different parts of the country. Each trunk had a name which also indicated its contents. If Gerard in Chicago wished a stock of furs, he would telegraph his wife inquiring the whereabouts of "Bertha," the trunk packed with furs and the reply would enable him to send for "her."

Mr. Gerard has so highly complimented Mr. West for the clean, intelligent, persistent nature of his investigation that we can only

confirm the opinion expressed in this interchange of compliments between experts, the pursuer and the pursued.

In cooperation with the Augusta and Savannah associations, the department has assisted in the conviction of an entire family for a fraud at Rocky Ford, Georgia. E. B. Aycock, Jr., the bankrupt, has been sentenced to two years in jail; his brothers, J. I. and R. L., each received one year; his father, six months, and his wife one month. The creditors will probably receive the benefit of \$15,000 in property, goods and cash recovered. The legal matters in this case were ably handled by Colonel Jacob Gazen of Savannah and Herbert L. Choate of Atlanta is entitled to a fair share of credit for the result.

In the matter of the A. Marcus Mercantile & Commission Company of Dayton, Ohio, the ends of justice would have been defeated by the running of the statute of limitations had not the facts disclosed by a prompt and clever investigation by Mr. West determined the district judge to convene a special session of the grand jury at Cincinnati two days before the statute expired. The principal offender was indicted on three counts and is now awaiting trial.

After full credit has been given to the ingenuity of the fraudulent and the possibilities attendant on one man pitting his whole time and skill against the brief consideration possible for the credit man to give, we cannot escape the conviction that our slipshod methods of credit extension contribute largely to the success of commercial fraud. More careful attention to that paragraph in mercantile reports devoted to "Antecedents" and more attention by the agencies to the confirmation of facts furnished by subjects of reports on their past history would serve to reduce the fraud loss.

Your committee realizes the justice of the criticism by bankruptcy law opponents of the administration of the law. Our work constantly brings us in conflict with the inefficiency, indifference and in a few cases, regretfully, the fraudulent practices of some referees. We cannot construe this as any criticism of the law, but rather as a reflection on creditors whose inattention to their own interests has permitted conditions making the stricture possible. During the past year it has been necessary to investigate and brief the practices of a referee in one city, and present them to the bench before it was possible to continue the prosecution of an apparent fraud. The prompt action of the judge consulted has vastly improved conditions in that city. The result encourages your committee to press its efforts to remedy similar conditions now existing at other points which have come to its attention as a by-product of investigation. The table of cases and convictions is not increased by such efforts, but we feel that they can be numbered among our most productive activities.

The committee is again moved to record and emphasize its indebtedness to our Washington representative, R. P. Shealey, the Department of Justice and the Post Office Inspectors for their uniform courtesy, consideration and instant response to all legitimate requests for their assistance. The department has heretofore convinced them of its sincerity in seeking the criminal rather than the goods, and that it will not bring to them anything but a good case and as a result our complaints are accepted at face value. It

is impossible for us to single out individual officers since the two branches of the government have been so uniformly helpful.

The organization plan of vice-chairmen in the field has further justified itself in the year just closing. Several associations have been interested in this work through their efforts and valuable opinions on local conditions have been freely available. Mr. West made a hurried trip to the Pacific coast on short notice but through the cooperation of our western vice-chairman and our official friends he was enabled to speak to representative audiences of association members in Portland, Seattle, Tacoma, San Francisco, Los Angeles, Salt Lake City and Denver.

Your committee feels that the work of the Investigation Department has now justified your confidence which prompted you to subscribe \$25,000 a year in voluntary contributions for its support. Experience has shown that the benefits of investigation work are country-wide and equally shared. Local associations change in their governing bodies with passing years and the obligation to support this work has to be proven anew to succeeding administrations. We believe that each member of the Association should pay his small pro rata share for the department's support and that the finances should be established on a firm basis, independent of changes in local association officers. This prompts us to offer for your consideration a resolution providing for a referendum on an amendment to the by-laws, increasing the per capita dues \$1.00 per year to provide the financial support for the department. If the amendment is passed all existing pledges would be cancelled. If it fails, the days of the Investigation Department are numbered since voluntary contributions for its maintenance will not continue indefinitely. No individual in the Association would hesitate to offer a dollar to a worthy cause. The same broad viewpoint should govern the votes on this question.

I

Resolved, by the National Association of Credit Men, in convention assembled, that we reaffirm our belief in the efficacy of organized prosecution work as a penal and preventive force and that we confirm the actions of the officers and directors of the fund as set forth in this report.

II

Resolved, that we urge effective measures for coordinating the work of the Investigation Department with the appropriate National agency to the end that our members may be forewarned of failures and the resulting losses avoided.

III

Resolved, that we pledge ourselves and urge others to greater care in the extension of credit with particular reference to more careful consideration of an applicant's past history, and that we cooperate with the mercantile agencies by constructive criticism of reports in which antecedents are not adequately or accurately covered.

IV

Resolved, that we commend the efforts of the department to improve the administration of the bankruptcy law by a fair and impartial investigation of officials whose actions are subject to just criticism and the bringing of the discovered facts to the attention of proper authorities.

V

Resolved, that we extend our thanks to the retiring manager of the department, C. L. Williamson, to the chief investigator, C. D. West, and his assistants, to the Washington representative, R. P. Shealey, to the Department of Justice and the Post Office Inspectors for their many sincere efforts in furtherance of this important work to which the Association has committed itself, but which would be ineffective without their cooperation.

VI

Resolved, that a referendum be submitted by mail to all members of the Association on the question of increasing the per capita dues \$1.00 and devoting the amount thus realized to the support of the Investigation Department, such increase to become effective only on an affirmative vote of 60 per cent. in number of the local associations comprising 75 per cent. of the total membership of the National Association.

Respectfully submitted,

FREAS BROWN SNYDER, Chairman, First National Bank,
Philadelphia, Pa.

EXECUTIVE MEMBERS

C. DE L. ALTON, JR., J. B. Williams Co., Glastonbury,
Conn.

GEORGE C. MORTON, Carpenter-Morton Company, Boston,
Mass.

WILLIAM KOESTER, Joseph Dixon Crucible Co., Jersey
City, N. J.

H. G. NEWCOMER, Eureka Mower Company, Utica, N. Y.

FRANK C. DEMMLER, Demmler Bros. Co., Pittsburgh, Pa.

M. G. ROCKHILL, Belle Mead Sweets, Trenton, N. J.

W. F. McAVOY, McDowell, Pyle & Co., Baltimore, Md.

DISTRICT VICE-CHAIRMEN

W. H. BRADBURY, Carter Dry Goods Co., Louisville, Ky.

R. S. WHITE, American Steel & Wire Co., Chicago, Ill.

L. M. SHLENKER, Apple Hat Company, St. Louis, Mo.

L. A. WEIL, Kohn, Weil & Co., New Orleans, La.

JOHN H. BEXTON, First National Bank of Omaha, Omaha,
Neb.

GEORGE E. FORRESTER, Utah Coal Sales Agency, Salt Lake
City, Utah.

F. F. HAWKS, Whiton Hardware Company, Seattle, Wash.

MR. SNYDER—Mr. President, I move the adoption of those resolutions.

Seconded.

PRESIDENT MCCOMAS—We will vote on the resolutions separately.

Resolution No. 1 was seconded and when put to a vote was carried.

Resolution No. 2 was seconded by Mr. Spencer of St. Louis.

H. P. LITCHFIELD, Boston—Resolutions Nos. 2 and 3 taken jointly refer to the notifying of the members in some way to provide, if possible, for the minimizing of losses to creditors who might continue to ship. Mr. Robertson, in a paper yesterday morning, if I may diverge for a moment—

President MCCOMAS—Resolution No. 2 is before us. If you have an amendment to offer or are speaking to the resolution, you are in order.

MR. LITCHFIELD—Resolution No. 2 provides for some means whereby the creditors of prospective failures may be notified previous to the failure. I should like to ask Mr. Snyder to what extent, if at all, the Adjustment Bureau and Interchange Bureau cooperate with the Prosecution Department?

MR. SNYDER—No effective measure of cooperation has as yet been developed. There is, of course, no national adjustment bureau, and we have not as yet worked out a plan for cooperation with the Central Interchange Bureau or with any other national organization. The object covered by the resolution is to take advantage of the fact that history in failures repeats itself. The records of the Investigation Department sometimes point to the framing up of a failure and though our members are selling the risks we are helpless because of the character of our information and the lack of coordination in stopping the loss.

Directly answering your question, there is no present cooperation.

PRESIDENT MCCOMAS—Are you ready for the question? All in favor of the adoption of Resolution No. 2 signify by saying "aye."

The motion was carried.

Separate motions to adopt Resolutions 3, 4 and 5 were made, seconded and carried.

H. P. LITCHFIELD, Boston—Resolution No. 6 provides for the assessing of one dollar to each member of the Association upon referendum to the local association. I would like to ask Mr. Snyder in what direction he proposes to turn the work of the committee and in what way the increase of 100 per cent. in current expenditures or current revenue would be used?

MR. SNYDER—There is not contemplated an increase of 100 per cent. in the current revenue. Our fund was established upon pledges of \$25,000 a year. The current revenue from an assessment of one dollar per member, or an increase in the per capita dues of one

dollar per member, would provide approximately \$30,000 for this work. It is not primarily an extension of the work. It is primarily and fundamentally a question of its continuance. The Investigation Department is now supported by voluntary contributions. Those contributions were originally made for a period of five years, subject to cancellation at the end of two years. We cannot hope that a work of this character and magnitude can be indefinitely supported by voluntary contributions, by means of the extremely un-American plan that a limited number support a work which contributes to the general good, the value of which we cannot measure by its direct results because we cannot measure the failures, the fraudulent failures which are prevented by means of this fund.

The present chairman, who has been privileged to be associated with this work since the fund was first raised, now contemplates his retirement. He would not feel that he had completed his job unless he put up to the Association the question whether or not the members want the work continued, and if they do want it, the department must be permanently financed and not financed on voluntary contributions.

The extensions contemplated are beyond the purview of the chairman, but the ideas which the committee has entertained are that we must increase gradually, not immediately, our force of investigators so that we can cover increasingly the districts to the west, which would mean eventually a permanent investigator in Chicago or some middle western city, and then even on beyond that.

You may not know that the Emergency Deficiency Bill carried no appropriation to reimburse the Department of Justice investigators; that those men are accordingly working without salary until next July and the force of the government has been pared to the bone in every instance. In addition, they are concentrating almost entirely upon the bomb plots at the present time, and the work of our own department is accordingly doubled because the Department of Justice cannot give us the support which we need and which we feel it wants to give.

To sum up the answer to your question: this is not an increase of 100 per cent. It is simply a change of method of support for the purpose of putting the work upon a firm foundation. The extension of the work must be decided upon by the future committees, but the present committee is of the opinion that the extension must be along the lines indicated in the response.

L. H. SHLENKER, St. Louis—I want to ask Mr. Snyder how the local associations are going to handle the per capita?

MR. SNYDER—The increase, as far as the local association is concerned, must essentially be a local matter. In Philadelphia, when this work was first contemplated, the voluntary contributions amounted about two dollars per capita and we increased our dues five dollars a year, devoting the other three dollars to the maintenance of a local fund. I think it is just as easy, in many instances, where dues have not been recently raised, to get three dollar increase as it is to get one and that would provide a local fund. If it is not possible to raise local dues, then it will probably have to come

out of other funds of the local association. It is largely a local matter.

PRESIDENT McCOMAS—Are you ready for the question?

Resolution No. 6 carried by unanimous vote.

The motion to adopt the report and the resolutions as a whole was duly carried.

R. C. WHITTINGHILL, Boston—I would like to ask Mr. Snyder if it is practical for the credit men throughout the country to make a list of suspicious characters?

MR. SNYDER—I would think the issue of such list would be fraught with serious danger and that anything of that kind which is contemplated should be through the Credit Interchange Bureau rather than the Investigation and Prosecution Department.

WILLARD HAFF, New York—I would like to ask Mr. Snyder whether the committee receives the help and cooperation of the local offices of the United States Attorneys. In New York we have had excellent cooperation from that department. I am interested to know whether the same condition prevails through the country.

MR. SNYDER—That is an exceedingly difficult question on which to generalize. There are cases such as New York, cited by Mr. Haff, where the offices of the local United States Attorney cooperate splendidly. There are other offices where we have had to go back of those attorneys to Washington in order to get cooperation. It is a matter of regret to me that in our own city whenever a case gets to a point where certain attorneys may be involved, our Federal Attorney's office seems to have an exceedingly bad case of impeded circulation below the ankles. Our only remedy under those circumstances has been to ask for a special attorney. We get real, earnest, sincere cooperation from the Department of Justice in Washington, partly through the way we have put our cases up to them and their confidence in our cases. They are about to take over one in northeastern Pennsylvania now, saying, "If you say those are the facts we will accept them." It has been partly through the standing of Mr. Shealey in Washington and the way he puts it up, but I feel that eventually the interest of the local Federal Attorneys in the prosecution of commercial fraud must be aroused by some method other than that which we have been able to use thus far. In the larger districts an assistant who really wants to prosecute commercial fraud must be appointed. I think it is an evolution which will come from the top rather than from the bottom.

PRESIDENT McCOMAS—To the old-timers it is unnecessary to introduce the next speaker. I remember I heard him first in Boston and then later at another convention, and this is the third time that he has addressed a credit men's convention. To the newcomers to our convention, let me say to you that Julius Henry Cohen is one of New York's foremost attorneys and I take great pleasure in introducing him to you now.

COMMERCIAL ARBITRATION AND THE LAW

Address by JULIUS HENRY COHEN of the New York Bar.

Mr. President, Ladies and Gentlemen of the National Association of Credit Men:

It seems quite appropriate that I should be inserted in this program between the prosecution of commercial fraud and the report of the committee on commercial arbitration. Your president has referred to the fact that this is the third time that I have addressed the convention, or will have addressed the convention. You know the rules of baseball—three times and out. I talked at Philadelphia in 1909 on the prosecution of commercial fraud and in 1912 on cooperation between lawyers and business men. This is 1919. At the same ratio of progress I shall be due to address you again in 1935. I shall be glad to make a note of it in my diary.

My subject to-day is "Commercial Arbitration and the Law." That was an interesting dispatch that came from Budapest the other day headed "Lenine Heaven." Here is one of the paragraphs descriptive of that condition: "The old law courts have been abolished and revolutionary tribunals established, where a lawyer may not show his face except under penalty of death. The people's commissary said in stern Cromwellian tones, when appealed to by briefless barristers, 'If you can't learn a useful handicraft, then you'll have to learn to sweep the streets.'" Now I suppose that most business men have pictured heaven as that place where there are no lawyers and no law courts, but one of the conditions of the heaven described by this correspondent is disclosed in the last paragraph of his dispatch to the effect that the law governing the coming Soviet elections provides that only working people can vote. This correspondent writes, "The man who shaves me points out that he will be allowed to vote but that his boss, who also works all day shaving customers, will not be permitted to do so as he is a capitalist." The dispatch fails to disclose whether in this heaven credit men are classed as voters or non-voters.

But this criticism and the attack upon the lawyer is a very old thing. Away back in 1450, you remember, when Jack Cade made his proclamation: "The law serveth as naught else in these days but for to do wrong, for nothing is sped but false matter by color of the law for mede, drede and favor." Said Dick: "The first thing we do, let's kill all the lawyers." Cade: "Nay, that I mean to do. Is not this a lamentable thing, that of the skin of an innocent lamb should be made parchment? That parchment, being scribbled o'er, should undo a man? Some say the bee stings; but I say 'tis the bee's wax, for I did but seal once to a thing and I was never mine own man since." Jack Cade didn't believe in the observance of contracts—he had not been educated as the credit man.

In 1786 the citizens of Braintree, near Boston, in town meeting solemnly resolved: "We humbly request that there may be such laws compiled as may crush or at least put a proper check or restraint on that order of Gentlemen denominated lawyers, the completion of whose modern conduct appears to us to tend rather to the destruction than the preservation of this Commonwealth." And about this time Dedham instructed its legislative representatives

to "endeavor that such regulations be introduced into our Courts of Law, and that such restraints be laid on the Order of Lawyers as that we may have recourse to the Laws and find our security and not our ruin in them and if such a measure should appear impracticable, you are to endeavor that the order of Lawyers be totally abolished."

So you see that game is an old one, but lawyers are a hardy lot and they seem to thrive in spite of all of these efforts, and so far as I can observe the business of the law courts is increasing rather than diminishing. But let us face the facts squarely. The business of administering justice in the courts is an expensive business. That is especially true in England where you must have a solicitor to advise you before you bring your suit and a barrister to try your case after you come into court. In our own country I think it is a creditable thing to the bar that there has been a very determined movement officially and unofficially to improve the administration of justice to make it less expensive and to make it work more efficiently. In this connection it is creditable to the bar that in the movement for extending the facilities of conciliation and arbitration the bar has cooperated generously. The Bar Association of the State of New York has worked in close cooperation with the Chamber of Commerce of the State of New York which has established substantially the same machinery and publishes a list of official arbitrators, lawyers who may be appointed for the purpose of arbitrating disputes requiring the attention of lawyers out of court instead of disposing of them in court.

In our municipal court, for example, the litigant may go into the branch devoted to the conciliation of commercial disputes or of other disputes; he may go into an arbitration court or he may have all the joy of litigation with his adversary. As you know in Chicago the judiciary and the bar and the credit men have joined together in establishing and perfecting the machinery of conciliation and arbitration in that city.

In the last report of the Chamber of Commerce of the State of New York the committee says, "It is gratifying and significant that they have received help of lawyers in the disposition of controversies by arbitration." Cases already in court, they say, have been withdrawn that they might be disposed of by our committee by formal or informal arbitration and the committee says that it is a real pleasure to testify in this connection to the broad spirit exhibited by the lawyers engaged in these suits, and as a sign of the times one of the topics discussed at the last conference of local and state bar associations at Cleveland, where there were delegates from nearly every local and state bar association in the country, was this matter of commercial arbitration, and the addresses made by Mr. Remsen, the chairman of the Committee on Arbitration of the New York Bar Association, and Mr. Bernheimer, chairman of the Committee on Arbitration of the New York Chamber of Commerce were printed and sent to every local and state bar association throughout the country.

Thereupon, in the year 1919 if you followed Jack Cade's advice and killed off all the lawyers you would have killed off a substantial corps of advocates for the principle of commercial arbitration.

Now from the beginning of time the human mind has endeavored to find ways for administering justice efficiently and effectively. At this very moment the leading statesmen of the world are endeavoring to perfect a new kind of international machinery that will produce justice with less friction and less waste than we have experienced recently.

You remember Frank Stockton's tale, "The Lady or the Tiger!" You remember his whimsical mind worked on that problem of how to get justice expeditiously and effectively. In that story the great semi-barbaric king wanted to create a system of administering justice that would be absolutely sure and certain without prejudice and without favor and he adopted this process: If a crime has been committed of any consequence the king would assemble everybody in a great arena and when all the people had assembled he would sit up on his high throne and then opposite him there were two doors exactly alike, and the accused would stand in front of the king. The charge would be read to the accused and then he was directed to go to either one of these doors—he could use either one of them. Behind one of these doors was a ferocious tiger, chosen because he was the most brutal and most inconsiderate tiger in the whole community and if the accused opened that door, the tiger immediately sprang upon him and tore him to pieces and that was the end of him. Stockton says that when the case of the criminal was thus decided doleful iron bells were clanged, great wails went up from the hired mourner posed on the outer rim of the arena and the vast audience with bowed heads and downcast hearts went slowly their homeward way, mourning greatly that one so young and fair or old and respected should have merited such a dire fate, but if on the other hand the accused opened the other door, out of it would come a fair lady, the most beautiful in the land, the most suitable to his years and station that his majesty could select among his fair subjects and to this lady he was immediately married. It did not make any difference whether he was already married or whether he cared to marry that particular lady, but he was married to her and the ceremonies immediately took place and another door would open and the priest would come out with a band of choristers and dancing maidens, blowing joyous airs on golden horns and treading on measure, advanced to where the party stood, and his wedding was promptly and cheerily solemnized.

Now Stockton says about this method of administering justice that its perfect fairness is obvious. The criminal could not know out of which door would come the lady. He opened either door he pleased, without having the slightest idea whether in the next instant he was to be devoured or married. On some occasions the tiger came out of one door; on some out of the other.

The decisions of this tribunal were not only fair, they were positively determined. The accused person was instantly punished if he found himself guilty and if innocent he was rewarded on the spot; whether he liked it or not there was no escape from the judgments of the King's arena.

Now I can hear some cynical credit man say that that resembles in some respects the processes of our court, that it depends upon what door you open whether you get judgment in your favor or

not, and that it may be a wedding or a funeral according to whether or not you happen to strike the right judge, but nevertheless the confidence of the American people in law and the administration of law by a judicial tribunal remains still unimpaired. "I will have the law on you" is still the expression, the ready expression, of the man who feels that an injustice has been done to him.

Now the process of conciliation and arbitration is very old. In France it runs back as far as the fourteenth century. There is an interesting thing there. On the thirteenth of every July in the highlands of the Pyrenees on the borderland between France and Spain all the peasants come together and they dispose of all the controversies that have arisen during the year. A Spanish official acts as arbitrator, the Alcado of Isaba listens to all their disputes, whatever the controversy is, and incidentally he points out that ever since St. Louis of France and Alphonso the Wise of Spain this practice was continued and with even more faithfulness are the decrees of this arbitrator observed than the decrees of the courts.

Now, of course, wherever you find such a happy frame of mind, a willingness to observe the decrees of an arbitrary tribunal, it is the business of the lawyer to encourage this process of conciliation and arbitration, and it is the business of credit men and lawyers to create that kind of atmosphere in order that such tribunals may exist. Business cannot be carried on in an atmosphere of controversy and litigation. The time of men is too valuable to be wasted in the law courts and as between honest men where controversy arises this great waste should be avoided.

Therefore we must have these tribunals of arbitration. We must have processes by which agreements to submit to arbitration are binding and effective and where the decrees of an arbitration tribunal are as binding as the decisions of the courts. But observe one thing, that in order to have arbitration you must have, too, a submission, you must have people honest enough to be willing to say, when a difference arises between them, that they are willing that it shall be submitted to some impartial third person to be determined by that third person. In other words, the very act of submitting to arbitration indicates a readiness to be willing to be bound by some other person's judgment. Unless the parties have reached that frame of mind you cannot have arbitration. Obviously, therefore, where there is a recalcitrant adversary, where there is a man who is trying to defraud, of course, the arbitration and conciliation process does not work. Your Committee on Investigation and Prosecution knows that; your committees that have studied fraudulent bankruptcy know that.

There is a great advantage in being able to haul a man into court and compel him to testify and to produce documents and, of course, you cannot do that except under the direction of the state exercising its great powers under the supervision of other officers, the courts. So that the advantage of the law court is that you can compel the other fellow to testify. You can compel him to produce his books; you can compel him to admit or deny the charge which is made against him in the complaint. Now it is obvious that the scheme of conciliation and arbitration can only work where there is an atmosphere of confidence, confidence in the fundamental good

faith of the parties to the controversies, confidence in the basis of business generally.

And yet within that field, qualified and limited it may be, there is possibly a great saving of waste. Just take New York city alone. In the last report of the Chamber of Commerce they disposed of matters—I won't tire you by reading this list—having to do with delays in delivery, claims for damage on account of such delays, defective deliveries, storage, etc. The field of controversy covered such materials as beans, cotton goods, honey, cheese, chemicals, cutlery, butter, bicycles, ball-bearings, leather, caustic soda, quinine, steel rods, sugar, slates, machines, cocoa, kodaks, mahogany veneer, coal, sail ducks, burlap, carbon black, laces, leather belting, electrical goods, roofing, wire mesh, canned salmon, hosiery, tobacco, coffee, phonograph needles, sewing needles, tin plate, rubberized material for raincoats, woollens, woolen gloves, hides, silks, knee pants, audiphones, furs. The countries involved, besides our own, whose citizens were concerned were Japan, South Africa, Bermuda, Italy, Spain, India, France, Sweden, Greece, Egypt, Canada, West Indies, England, Portugal, Malta, Dominican Republic, Guatemala and the Philippines. The amounts ran, from one controversy amounting to several million dollars, to amounts of less than twenty dollars. So that you see the field over which the principles of commercial arbitration may spread and the policy of disposing of controversy by these amicable methods rather than by litigation is a very broad field and means the extension of our commercial facilities throughout the world.

The principle to which I referred was stated by a great Scotch writer many years ago. Lord Stair said that Scotch law and custom regarded it of very great importance that a business contract may be current and secure "For," said he, "nothing is more prejudicial to trade than to be easily involved in pleas (that is, involved in litigation) which diverts merchants from their trade and frequently mars their gain and sometimes their credit." Lord Campbell states that even before Lord Mansfield's time mercantile questions, long before they came into Westminster Hall, "were usually settled by private arbitration among the merchants themselves," and in 1622 Malynes, one of the earliest writers on mercantile laws, said (and this is a phrase that you credit men ought to remember): "The credit of merchants is so delicate and tender that it must be cared for as the apple of a man's eye."

This is the connection, then, between a credit men's association and the subject of Commercial Arbitration. Credit is so delicate a thing that it must be cared for as the apple of a man's eye. The keystone of the arch of commercial arbitration is confidence. Confidence that the buyer will not be deceived; confidence that the seller will not be defrauded; confidence that the honorable contract before business men will in the main be faithfully performed.

Now, because controversy is natural and an ordinary incident of all human existence we must constantly improve the machinery by which controversy can be disposed of with the least possible waste and with the least possible friction.

Now, this principle applies not merely to commercial arbitration, commercial intercourse, but it also applies in industrial situa-

tions and international situations. In the industrial field we have more and more to find the machinery by which controversy shall be disposed of without friction, without heat, without the waste that is commonly spent in strikes and lockouts. And in international controversies we must devise the machinery that will dispose of controversies which are sure to come up in the future without friction and waste of litigation by war. So you see the connection in that fundamental principle that lies at the bottom of the institutions of commercial arbitration, of industrial arbitration and international arbitration. In other words you must have parties with confidence in each other, people who believe in the credit of those with whom they deal and you must have the machinery that will enable them to dispose of natural controversies without the friction, without the waste that is characteristic of the methods that we still have in vogue.

SECRETARY TREGOE—The Committee on Resolutions asks the privilege of presenting at this time four or five resolutions for the consideration of the convention at this time.

E. H. JAYNES, Cleveland—The Committee on Resolutions desires at this time to submit for your consideration a few resolutions.

I move the adoption of the following resolutions:

I.

Resolved, that the National Association of Credit Men in convention again urges upon its local associations and individual members that they endeavor to introduce into their relations with customers better order and system in the return of merchandise, adopting and supporting with all earnestness the rule that no goods regularly ordered and shipped may be returned to the seller until the reasons for the return have been cited to the seller and an opportunity afforded both sides to examine into the merits of the proposed return, and

Be It Further Resolved, that the Credit Department make a special point of bringing about in the selling department a full appreciation of the wastefulness of the wide open privilege of returning goods that has so long prevailed in our credit system.

The motion was seconded and carried.

MR. JAYNES—I move the adoption of the following resolution.

II.

Resolved, that this convention here records the objection of the National Association of Credit Men to the repeal of the Daylight Saving Law, believing that the experiment begun in 1918 has not only given great satisfaction to our people in general, but that the economic advantages resulting in time of war will be no less in time of peace, and

Be It Further Resolved, that if any change is to be made in said law such change shall not go beyond a possible amending to make the change of hour apply to five months instead of to seven as at present.

The motion was seconded and carried.

MR. JAYNES—I move the adoption of the following resolution.

III.

Resolved, that the National Association of Credit Men, in convention assembled, expresses its gratification in the cordial relationship that has been established between the Retail Credit Men's National Association and the National Association of Credit Men, and further expresses the hope that the comity and good will now existing shall be continued and made to work out more and more substantial results, and

Be It Further Resolved, that the President of the Association be authorized to appoint a committee of such number as seems to him advisable to represent the association in such conferences and joint efforts as the two associations decide may be advantageous.

The motion was seconded and carried.

MR. JAYNES—I move the adoption of the following resolution.

IV.

WHEREAS, since the last general review of the constitution and by-laws of the National Association of Credit Men, twelve years has elapsed bringing many changes to the organization in membership; in departments of service; in demand upon the Association's abilities, such that it would seem needful that a general review be considered.

Be It Resolved, that this convention authorize the early appointment by the President of a broadly representative committee of twenty-five members whose duty it shall be to take up the entire subject with a view of submitting, as seems advisable, a new and revised constitution and by-laws or amendments to the present constitution, said committee to be asked to complete its work in such time as to make possible the publication of proposed changes or substitution, at least, three months prior to the next annual convention; the thought being that time will be given to members and local associations for discussion of the committee's proposals and that suggestions to the committee and any changes based thereon if they seem desirable may be made so that the committee shall have sufficient time to publish its final draft in the May, 1920, Bulletin, as required by the present constitution.

The motion was seconded and carried.

PRESIDENT MCCOMAS—The next subject on the program will be the report and the resolutions of the Committee on Commercial Arbitration, M. S. Green, Chairman. In the absence of Mr. Green, Walter G. McLaury will take his place.

MR. McLAURY—I want to take the liberty of adding to Mr. Cohen's remarks the fact that the Chicago Association of Commerce in its fifty-four trade divisions has appointed an official list of arbitrators for each of those divisions, that moreover the Illinois Bankers' Association is cooperating most heartily in this movement which is to-day one primarily of education.

Your committee begs to offer the following report and resolutions:

**REPORT OF SPECIAL COMMITTEE ON COMMERCIAL
ARBITRATION**

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

There appears to be great unanimity of opinion as to the desirability of commercial arbitration for the settlement of business disputes, and small interest in the practical application thereof.

Your committee recently addressed a letter to the secretary of each of our local associations, setting forth in some detail a broad plan inaugurated by the Chicago Association of Commerce in its fifty-four trade subdivisions, mentioning the new arbitration law introduced in the Wisconsin legislature. We urged a reply to two questions, namely: "Have you a commercial arbitration committee, and if so, of what have their activities consisted up to the present time?" and second, "If no interest has been shown in your association in this subject to date, will you bring it up at the next meeting of your board of directors and advise if your association will take up the matter?" This letter was mailed to 126 association secretaries; only twenty replies were received, and only four, Boston, Chicago, Detroit and Quincy, admitted having an arbitration committee.

However, practically all of those who did reply expressed themselves as much interested and our experience has been that wherever the subject is properly presented to a body of business men, genuine interest is aroused and the principle of settling business disputes out of court by friendly arbitrations is heartily endorsed.

Why, then, is there, apparently, so little organization for the practical handling of arbitrations, and why do we hear of so few arbitrations actually effected?

As a matter of fact we know there are many trade and other organizations whose by-laws provide for arbitrations, sometimes compulsory, and whose members do settle many controversies in this manner.

We know that judges and lawyers conduct or arrange many informal arbitrations. For example, J. Kent Greene, assistant to Chief Justice Olson of the Municipal Court of Chicago, whose duties include the assignment of cases on the court calendar, has, upon the request of the litigants, conducted some ninety informal, but conclusive, arbitrations. And Chief Justice Olson says he has a vision of the day in the near future when his courts will be relieved of the mass of business disputes which can better be settled out of court by experts in the various trades, with the result that there will be fewer judges, fewer courts, fewer civil cases, fewer juries, fewer enmities and business men will not have to wait a year or longer for a more important case to come to trial.

The Committee on Arbitration of the Chamber of Commerce of the State of New York has, since 1911, been spreading the gospel of arbitration throughout the country; it publishes a "List of

Official Arbitrators," who have agreed to serve when called upon; its annual reports in May of each year continually report progress and results and they volunteer to give information and the benefit of their long experience to any who may apply.

We take the liberty to quote two very significant paragraphs from their annual report of May, 1917:

"Your committee is firmly of the opinion that such success as it has achieved was due to its recognition of the effectiveness of *education*. If it was necessary for the lawyer to understand more clearly than he did the need for preventing unnecessary litigation and for establishing more modern and less expensive methods of disposing of controversies, the business man needed equally to learn how to prevent controversy from arising and how to take care of it when it did arise, with good sense, straightforwardness and efficiency.

"We think that it is true to-day that there is developing a wider feeling on the part of business men generally that the honorable and manly policy to pursue in the event of a commercial controversy, is to endeavor to adjust it, if it can be adjusted, without resort to the courts; and, even in cases where recourse to the courts is necessary, to deal with opponents in a friendly spirit, not with hatred or acrimony, but with a desire to preserve good will and sound commercial relations."

We have here the root of the whole matter:

First—The development among us all of a broader vision and kindlier spirit which will prompt us to meet the other fellow perhaps a little more than half way, and which will often disarm his hostility and re-establish cordial relations; and second—as the millennium is not yet at hand, when the Golden Rule will happily avoid all controversies, we must continue to educate the business community to the practical advantages of arbitration, having in mind, meanwhile, that formal arbitrations can also be avoided by mediation and conciliation. And let us not forget that we now have a merchant marine; that we are seeking the markets of the world; that other nations have arbitration laws and that we must immediately get in line in order to compete on equal terms in this respect.

London conducts a hundred thousand arbitrations in a year, partly because of its great commerce and because bulk is broken there to such an extent; but also because they have compulsory arbitration clauses in nearly all of their contracts, as between buyer and seller; railroad and shipper, and even between landlord and tenant.

We offer as a suggestion that the importance of this subject and the volume of work necessary for sufficient publicity and follow-up purposes should have the serious consideration of our incoming Board of Directors, to the end that headquarters may, if found advisable, be provided with additional facilities to carry on this work. We are convinced that the success of this movement depends to a great degree upon the enthusiasm, energy and perseverance of some one individual at headquarters who may be selected for this work.

We offer the following resolutions:

I

Resolved, by the National Association of Credit Men that commercial arbitration is sensible, practical, and because of its real benefits to the business community should have a prominent place in the activities of every local association next year.

II

Resolved, that our members are urged to interest themselves through their local associations in securing such legislation as may be needed to make commercial arbitration effective in their respective states.

III

Resolved, that our members should endeavor to interest their state and local banking, bar, and trade associations in commercial arbitration, and finally, that we should individually and collectively practice what we preach and conscientiously endeavor to arbitrate our business disputes.

Respectfully submitted,

WALKER G. McLAURY,
CHAS. WOODWARD,
M. S. GREEN, Chairman.

MR. McLAURY—I move the adoption of the report and the resolutions.

SAMUEL LEHMAN, Cincinnati—I second the motion.
The motion was put and unanimously carried.

PRESIDENT McCOMAS—We have a few minutes here. Please bear in mind that we are anxious whenever a subject comes up which suggests something of value to a member to let us hear from him.

W. J. GRIFFIN, Detroit—It was my intention to offer a slight amendment to the second resolution offered by the committee, but it was voted through quickly and probably we can raise the point in another way.

In nearly all the states we have arbitration statutes to-day, and one of the big problems involving commercial arbitration is necessity of having this legislation uniform. I wanted to suggest we amend the second resolution to provide for having the legislation which we are going to adopt throughout the country on this important question as uniform as possible. Our Arbitration Committee ought to work not only with the local committees but with the committees on uniform state laws in order, if possible, to have a uniform arbitration law throughout the country and not several arbitration statutes which are entirely different and would have different methods of procedure.

PRESIDENT McCOMAS—I believe that your point is well taken and I believe that you can accomplish what you want by meeting with the Resolutions Committee of this convention and seeing what they have to offer on this subject. I believe that we can handle your suggestion in the way I have pointed out.

We have now arrived at the hour when we will have another conference. I said to Secretary Tregoe to-day, "You know how I look forward to those conferences with a great deal of interest, and every one seems to be a little bit better than the one before." I thought when Mr. Snyder got through the other day as an extemporaneous speaker that he did wonderfully well, but it seems that each conference has been a little better than the preceding one and our man from Seattle to-day, why I was proud that I lived right over next to the same side of the ocean he does, and so let us hope that this conference will be just a little better than the one before. This conference will be led by Vernor Hall of Dallas, Texas.

CONFERENCE SUBJECT

SOME OF THE QUALITIES NEEDED FOR SUCCESSFUL CREDIT MANAGEMENT IN THE READJUSTMENT PERIOD

By VERNOR HALL, Dallas, Texas.

Mr. President, Ladies and Gentlemen of the National Association of Credit Men:

I want to start in by disagreeing with the secretary. It takes nerve in these days to disagree with the secretary of this convention, because he is such a popular man that if he were to run to-day—he is not an elective officer of this organization—but if he were to run to-day the vote that he would pile up against his nearest opponent would look like the vote of a Populist candidate for Congress in a bad crop year, it would be absolutely overwhelming, and I want to make the statement and disagree with him to the effect that he stated that he had lost popularity, or at least Mr. Cattell had said that he has lost popularity. He has not. I want to say, for the benefit of such strangers who might have, for that statement, taken it seriously, that he is the most popular secretary that any association I have ever belonged to has had.

But now I want to disagree with him, tell you some of his faults. I told you what a fine man he is. You know he handled the Constitution of the United States in an awful, awful manner. Away back yonder we schoolboys were studying the Constitution of the United States and learned that the liberty of the press and the right of free speech in this great country shall never be abridged, and yet there stands the man who, by reason of his popularity, has abridged the free speech of everybody who has spoken to the convention and even the preachers are praying by the watch for he gives them five minutes to address a prayer to Almighty God. And is it not astonishing, Mr. President, that we have arrived at the day when the preacher has been converted by the secretary into a union man and he now works by the clock like everybody else.

So the first thing he said when he wrote that I was to address this convention, "For the love of heaven (he did not put that in but I read that between the lines) don't take over twenty minutes." I got a letter from him on another subject and he said, "Referring to the speech you are to make to the convention, don't take over twenty minutes." Well, I stood for it. I got a third letter and my hand shook. It was about another matter and it looked all right till it

got to the last paragraph when he said, "By the way, with reference to that speech, don't take over twenty minutes."

Now, Mr. President, if I were to be so unfortunate as to be in a hospital in New York City dying and I would want the secretary at my bedside, but as I died in my dying hour I would somehow have the idea that he had a schedule that I was to die by, and I would be afraid I would die either twenty minutes ahead of time or twenty minutes too late.

We learn some things, Mr. President, from the most wicked corporations, and one of the things we learned from the local gas company is that the way to limit the output of anything is to meter it, so I metered this speech and my wife (she is a heroic woman) held the watch while I read it to her. If it is too long, you blame her, not me. Man has been blaming his faults on woman ever since the Garden of Eden.

Economic conditions change quickly, but on the other hand it has been truly said that great reforms come slowly.

Scarcely more than two decades ago nobody ever heard of a credit man—his rise seems to have been coincident with that of the outbreak of the influenza, the death of the Populist Party and to the advent of the Bolsheviks. Until the organization of the National Association of Credit Men, a credit man was somewhat regarded among the majority of the business world as having a similar position to a Republican in the Democratic State of Texas, as defined by a brass-collar democrat of the old school and that was: a person who was not to be trusted until he had absolutely demonstrated himself to be above reproach. It is said that a young lawyer in Ohio wrote down to Texas to inquire what were the prospects for an honest young Republican lawyer engaging in the practice in Texas, and the friend to whom he wrote in that GREAT STATE, replied as follows:

"My dear friend—I would like very much indeed to see you come to Texas to practice law, for as an honest lawyer, I am satisfied you will have no competition, and as a Republican you will undoubtedly be under the protection of the game laws."

Only a few short years ago, the definition of a credit man was similar to a definition which I heard one time given by a slow-pay customer. When asked what his idea of a credit man was, he replied, "A credit man is not a credit man at all but a cash man, whose principal duties consisted of refusing to ship orders except for cash in advance, and reducing the trade of the company he works for to its minimum proportion."

In these days of Bolshevism and I. W. W. 'ism and all the other isms, it is certainly a great comfort to have Webster's Unabridged Dictionary to look up the meaning of well-known words, which by reason of new words crowding into our vocabulary are almost forgotten. In order to get the right start I could not refrain from the habit of looking up the word "quality." What are qualities? And I found that quality is defined as that which makes or helps to make anything such as it is, the distinguishing characteristics or attributes, capacity or virtue, an acquired trait or accomplishment. And I presume what the secretary meant when he asked me to speak on this subject was: what are those traits of character or accomplishments which the credit man should seek to acquire which make or

help to make him what he should be—A SUCCESSFUL CREDIT MAN? And since he has put a meter on me, and has absolutely announced to the world that I shall not talk more than twenty minutes, will consider some of them briefly.

First: One of the qualities which goes to make up a successful credit man in the readjustment period is love of country and a proper realization of his duty to his country. AMERICA, that magic word which to-day charms the ear of the nations of this world. America, the bulwark of civilization, the hope of the future of mankind everywhere; the only country on the civilized globe to-day which went into war with clean hands and came out, please God, with empty hands. Can we love it too much, can we do too much for it? Is it not incumbent upon us as representatives of an important business vocation so to guard her institutions and demand respect for her laws, and so conduct our lives as to be a credit to this, the greatest nation the sun has ever shone on?

To-day for the first time in America we are beholding the astounding feature of printed matter in which is set out attacks upon the government of the United States and its institutions—distributed from house to house. For the first time in our history to-day when we pick up our morning paper, we read of an organized effort on the part of the I. W. W., the Bolsheviki, the Anarchists and members of that great society of destruction to destroy the institutions that have been built up through one hundred and forty-three years of patient effort for which our forefathers died, and to perpetuate which our noble crusaders of 1917 also shed their lifeblood.

Fellow members, our duty is plain and our course is well marked, and that is, to lift up our voices and bend all our energies and use all our judgment and devote all our time, if necessary, to the quelling of that element which seeks to destroy the government of the United States and to set at naught her institutions and laws. AMERICA, the Land of the Free, where opportunity holds an open door to the son of the pauper as much as to the proud offspring of an aristocrat, will be protected by that overpowering force of public opinion of which Mr. O'Brian spoke this morning.

And, my friends, do not overlook the fact from a credit man's standpoint, that the United States of America is the world's best credit risk to-day, and why? It is not because of her gold mines, which produce in one year more gold than all the famous fabled Gold of Ophir. It is not because of her forests producing wealth, which excels that of any other country on the globe to-day. It is not because of her agriculture, which has saved the world from starvation in the last two years, but it is because of the innate honesty which resides in the breast of the majority of the people of the United States. And, therefore, in the markets of the world to-day the bonds of the United States government, which contain nothing more than the concrete promise to pay of every man, woman and child in America have behind them those intangible assets which are greater than all other material resources, and which have made the United States bonds the best investment that can be bought, and they command the highest price on the money market of the world to-day in competition with all comers.

A man cannot be a good man unless he is a patriotic man, unless he lifts up his voice in defense of the country, which, by its open door of opportunity to every man, has made it possible for him to become what he is in the business world to-day. If a man is not a good man, he cannot be a good credit man, just as he cannot be a patriotic man.

Second: A credit man should develop a love and respect for the profession in which he is engaged, otherwise he will not be a successful credit man, and a credit man's profession is a wonderful profession. There is no higher study to-day than that of humanity, the science of mankind. And the credit man's life vocation is essentially a study in the assessment of human character. There is no greater asset, as I said a while ago, than human character; it is imperishable, it is the connecting link between mortality and immortality, and we as credit men are permitted to go through life, and have as our life-study Man, made in God's image, and we are permitted, through the opportunity our profession affords us, to be of service to our fellow man, to aid in the campaign, to uplift, to benefit, to help enlighten the uninformed and to endeavor through our example to put the misguided upon the proper path. And we are guardians, so to speak, of the greatest asset that the United States has to-day, and that is—"Credit." Without it this war could never have been fought, without it the entire world to-day would be in the darkest night of anarchy and chaos.

I pity the credit man who finds his work irksome, who dislikes to come in contact with his fellow man, who dislikes to be confronted with the attempt to solve the problems which are daily presented at the credit desk—such a man can never be a successful credit man. A man who loves his work, and a man who loves to come in contact with his fellow man and a man who loves to be of service to humanity is bound to make a good credit man, and as the problems increase and multiply, he should put on more steam, so to speak, in his endeavor to keep abreast of and solve these perplexing problems. When, through his skill and industry and foresight and business acumen, the credit man helps to uphold the national credit structure, when he keeps his composure in times of stress, and does not lose his nerve when the clouds seem to hang the thickest around him, that man becomes a useful member of the business world to such an extent that he is helping in the most efficient manner to protect our greatest national asset to-day—"credit."

If I were to name a third quality which a credit man should seek to acquire, and if already acquired to improve, I would add an optimistic temperament. My fellow credit men, an optimist has been defined as a man who believes that all the world is as good as he imagines himself to be, while a pessimist has been defined as a man who knows that all the world is as crooked as he knows he is. Don't fail to be an optimist—optimists do things, pessimists figure up the results. You had better be an optimist, and if you need a governor to keep you from running away with yourself like a wild steam engine you had better employ a pessimistic bookkeeper to figure up what you have done. Simply because you have had a few failures do not lose faith in the honesty of mankind, do not

think all men are crooks, for the world gets better every day, and if you think it is getting worse, you are merely reflecting the state of your own mind and not that of mankind.

See the latest booklet gotten out by Bradstreet Company, entitled "A Record and Not a Prospectus." Turn to page eight of that book and you will find that during 1918 there were only five hundred and thirty fraudulent failures out of a total number of failures of nine thousand three hundred and thirty-one, compared with seven hundred and thirty-nine failures due to that cause in 1917. Out of liabilities aggregating \$137,907,644 of failed debtors in 1918, only \$12,688,468 were represented by failures in which there was fraud, as against \$16,489,353 for the year 1917. Does that not show that the world is getting better?

In the United States last year only 5.8 per cent. of the failures were due to fraud, while 36.5 per cent. were due to incompetence, and only 1.3 per cent. to unwise credit, 6.7 per cent. to inexperience. Let us go to work and educate and help our customers who are incompetent and inexperienced and try to teach them better business methods. Why not attempt to teach them how to figure profits correctly. Do not forget to remind them constantly that it is necessary to have insurance. Let us call their attention to the fact that it is necessary for them to preserve their inventory in an iron safe if they are to collect that insurance. And should we not in the proper way discourage overbuying and frown down on speculation on the part of our customer? And why cannot we attempt to teach them better ways of extending credit, and perhaps while we are doing it learn a good deal from them as to how to extend credit ourselves? Try to encourage them to adopt up-to-date methods of selling. Teach them the value of looking into their overhead expense, and figure all their expenses on a basis of percentage of the expense to sales. Would it not be better to encourage them to employ competent clerks and discourage them in employing incompetent clerks although they could be had at a cheaper price? In other words, let us be constructive credit men, and believe, as the statistics will prove, that the great majority of men are honest. The proportion of risk of being defrauded when we take an order is almost negligible in proportion to the amount of goods we sell, and if we seek to improve ourselves in these respects, these qualities will so help to make us successful credit men that we shall possibly become ideal credit men. May I attempt to picture an ideal credit man?

The ideal credit man would undoubtedly be a graduate of the University of Hard Knocks, and his education should undoubtedly be rounded out with a few post-graduate courses in crooked bankruptcy and juggled bookkeeping. There should be a few practical lectures on perjury as delivered by crooked bankrupts at the first creditors' meeting, bankrupts who had lost their money a few days before bankruptcy in a game of poker played at a hotel whose name they have forgotten and with people they had never met before and have not seen since. This ideal credit man with all these advantages must not have lost his faith in mankind, but still believe that men are essentially honest. He must be a firm believer in the Gospel of Sunshine and the Religion of Love, be humanitarian upon the

high road of business ever-ready to aid and assist the down-trodden and oppressed; a good Samaritan traveling along the highways and byways of life, ever-ready to lift up a stricken brother who has fallen among the thieves—a man who has been tried in the balance and has not been found wanting, a man whose recollection of an honest man remains long after a thief is forgotten, a man who is his own worst critic and who constantly seeks after that perfection in his work and life to which St. Paul admonishes us, a man who ever keeps before him the fact that no individual or nation ever rises higher than it dreams. I am sure in the attempt to realize our highest aspirations we shall all subscribe to the creed of the credit man, which is as follows:

"I believe in America and respect her institutions and revere her laws. I believe in mankind and look forward to the dawning of that day of universal brotherhood of which Tennyson sang. I believe in the triumph of right over wrong, of truth over untruth, of honesty over dishonesty. I believe that in business, as in geometry, a straight line is the shortest distance between two points. I believe that the world is growing better instead of worse, and the silent call to the service of humanity and to home and country is spreading itself to all lands and touching all hearts. I believe in construction as opposed to destruction and in cooperation as opposed to selfishness. I believe that the time is here for more business and better business and that the Golden Age of the Commercial World is being ushered in. I believe in the house I represent, in the methods they employ, and the triumph of proper economic principles in business. I believe that the highest reward that can come to me as a credit man is the devotion of my life to the interest of my country, the uplifting of my profession and to the acquirements of those traits and virtues which go to make up the highest type, to which I should aspire and which I long to be—A SUCCESSFUL CREDIT MAN.

SECRETARY TREGOE—I followed your address very carefully but I could not quite tell whether it was a Fourth-of-July oration or a credit treatise.

Will you please tell us, however, in your opinion, is the credit man born or can he be made?

MR. HALL—I think the credit man can be made, Mr. Tregoe.

SECRETARY TREGOE—You believe the credit man can be made by instruction and experience.

MR. HALL—I do.

SECRETARY TREGOE—And he need not be born with the qualities of a successful credit man?

MR. HALL—Yes, sir.

SECRETARY TREGOE—You believe that a man who inherits no ability in that direction can, by instruction and training, become a successful credit man?

MR. HALL—You take a normal American citizen as we know him (and they are the highest type of men in the world to-day), it does not require any special capacity because if he is an ordinary, normal man he has that love for his fellow men, that desire to be

of service to his fellow men and country, that desire to uplift and help out the common good that will make him a successful credit man.

SECRETARY TREGOE—Is a credit man born or can he be made quickly? Now out at a conference in Ohio two years ago there was a young man who said that the credit man was born. I said to him, "Now when you were just two weeks old, as a baby, were you a credit man?" He said, "I was." I said, "Some baby." How many believe that the credit man need not have any inherited qualities for credit granting to make a success of his work?

A. J. SULLIVAN Philadelphia—The credit man can be made by education and education means a drawing out of what is in him.

SECRETARY TREGOE—You know as you study physiology you become confirmed in your impression that the Adamistic theory stands good, you may inherit qualities from your great grandfather. I don't know then how to put this. May I say then, how many believe that the credit man can be made without any qualities in him for skilful credit work?

MR. SULLIVAN—Can a credit man be educated? Can we, by education, take the capable young men in our employ and educate them to be credit men in our concern? That is the way to put the question.

SECRETARY TREGOE—Let me put it this way. Is it necessary to skilful credit granting that there shall be some capacity in the man which education will develop into skill?

Audience answers "yes" unanimously.

SECRETARY TREGOE—Now, Mr. Hall, you take a credit manager and he says to himself, "I don't need any assistance from other managers; I don't need the credit information of other houses to pass on my credit risks; I have brains enough and skill enough to do the work myself." Is he or is he not, in your opinion, skilful?

MR. HALL—No, sir; he is not only not skilful but is totally minus brains.

SECRETARY TREGOE—Now, Mr. Hall, is the ability to cooperate one of the foundation principles of success in credit granting?

MR. HALL—It certainly is.

SECRETARY TREGOE—Is cooperation one of the foundation principles of skilful credit granting? (Talking to the audience.) How many believe that?

It was unanimous on the part of the audience.

SECRETARY TREGOE—Then, Mr. Hall, can we finally set down cooperation as basis to skilful credit granting?

MR. HALL—We assuredly can.

SECRETARY TREGOE—What do you think of the credit man who places his accounts on his ledger and when the red ticket comes in gets red in the face and is flustered, don't know what to do and becomes panic-stricken? What is the trouble with him?

MR. HALL—He is in the wrong position; he ought to enter another calling.

SECRETARY TREGOE—Mr. Hall, may I be personal and ask you, if in the course of your credit work you might not have been a candidate sometime?

MR. HALL—Yes, I hold my job by sufferance, for I have been fairly chargeable with the weakness you have described.

SECRETARY TREGOE—Then, Mr. Hall, can we establish as the second "c" of skilful credit granting, composure?

MR. HALL—Yes.

SECRETARY TREGOE—The first "c" is cooperation; the second "c" is composure. Now Mr. Hall what do you regard as the highest quality that a credit man can possess?

MR. HALL—Character.

D. D. SMITH, St. Paul—I know a man who is always composed but who has no brains.

C. B. CRANSTON, Columbus—I should say that that man is decomposed.

E. R. AILES, Detroit—I want to express the third "c" as courage.

SECRETARY TREGOE—Explain it, Mr. Ailes. What do you mean by courage?

MR. AILES—After you have the composure and recover from the shock then you must have the courage to see the thing through.

SECRETARY TREGOE—To the finish which means either to get your money or don't get it, and you must have the courage to carry it right through and you mean it takes courage to stick to the finish.

How many are putting Mr. Ailes' "c" into that little galaxy of "c"; instead of making it a trinity, making it a quartet? How many believe that that is one of the essentials to successful credit granting?

A. A. WALKER, Youngstown—If a man has character has he not courage?

SECRETARY TREGOE—Mr. Walker says if he is a man of character he has courage. Some one over here said that if he has composure that is a type of courage.

WILLIS DAVIS, Wichita—I think there is another "c" that you should add and that is common sense.

SECRETARY TREGOE—What is that, Mr. Davis?

MR. DAVIS—Well, the question is, was that an acquired attribute or one that could be developed?

SECRETARY TREGOE—What do you think, Mr. Davis?

MR. DAVIS—I think it is partly inherent. You can't make a credit man of one who has not inherited a certain amount of common sense.

SECRETARY TREGOE—Mr. Davis wants to put another "c" to the list of "c's"—common sense.

E. H. VAN TREES, Buffalo—We have overlooked one of the first "c's" and that is capacity.

SECRETARY TREGOE—Mr. Van Trees has added another "c," capacity. Are we going to admit it? Have we covered capacity with the other "c's" or is that a new attribute?

J. S. SOLOMON, Detroit—Confidence is another "c" I would suggest.

C. E. PARKER, Terre Haute—I would like to substitute for confidence, conviction. I am almost tempted to say, like the dorky, when they asked him the difference between a man's opinion and conviction, that one is what others think of a man and the other was what he was himself. I think when a man has conviction it is what he is himself.

CLAY HERRICK, Cleveland—I want to support the member who thinks that capacity should be included. It seems to me that a man may have the other qualities mentioned and be a mighty good man, but he must have some capacity in addition to these things suggested to make a good credit man.

J. S. THOMAS, Philadelphia—I am getting confused. So I would substitute for the successful credit man, the qualifications of ability, reliability, endurance and action.

J. J. HEDRICK, Tampa—We have left out the most important of all the "c's"—caution.

J. CADDEN, Terre Haute—You are dissecting the word character here. A man who has character has confidence, he has conviction; he may not have capacity always but he has all these attributes which you included here; therefore, you are but dissecting the word character. That is all we have been doing for several minutes.

C. T. SULLIVAN, Nashville—Perhaps I can sum up what has been said by saying that a credit man must have ability to see basic conditions, to see the condition of his customer, to see his character, to have the courage and conviction to act on what he sees.

SECRETARY TREGOE—Mr. Sullivan, may I ask you this question: do you believe that the credit man should have imagination?

MR. SULLIVAN—Undoubtedly he must have vision—he must visualize what is going on not only in his own bailiwick but outside of it, because conditions outside may affect the conditions inside.

SECRETARY TREGOE—Imagination is one of the successful qualifications of credit men.

J. A. HIGINBOTHAM, Detroit—I am going to give a definition that I have been waiting for some one else to give because I feel a hesitancy in addressing this assembly so frequently. It seems to me that a credit man should be constructive and have charity.

SECRETARY TREGOE—What do you mean by charity?

MR. HIGINBOTHAM—I mean he should be able to see the weak points in his prospective debtor and to help to remove them and to build up the customer. My experience is that a built-up customer

is a permanent customer—a weak sister who has been made into a strong man stands by you. That is not so impossible in these days. You remember the suffragist's advice to the other suffragist in jail. "Do not despair, put your trust in God, he will help you."

Really I do think that the credit man who is not constructive in his operations is losing a great deal of the joy and the good results of his work. There is more joy in an office over an account that has been built up into a good account than in ninety and nine that have never had any difficulty.

H. G. CLARK, Syracuse—I think that we need one more "c" and only one, namely, conclusion.

WALTER WRIGHT, Salt Lake City—I think that we ought to conclude this with getting the cash.

SECRETARY TREGOE—Now, Mr. Hall, we have played on the "c's" so long that Mr. Clark got a little facetious down there and he tried to put the brakes on us.

Mr. Hall, in summing this up, do you believe that the granting of credit has become a profession?

MR. HALL—I do.

SECRETARY TREGOE—How many agree with Mr. Hall?

As a practitioner of credit, with these qualities that we have enumerated, he must be a credit pathologist and must understand credit therapeutics?

MR. HALL—Yes.

SECRETARY TREGOE—Pathology is the ability to analyze troubles and therapeutics is the ability to cure them.

Well, Mr. Hall, we have elevated the credit man. You have put him way up on a pinnacle. We have said that his practice is a profession. He needs certain qualities, qualities of skill, no matter whether there is one "c" or there are twelve "c's," and he must build and build and qualify. You are proud of your profession?

MR. HALL—I am, indeed.

PRESIDENT MCCOMAS—The next speaker of the afternoon will be B. S. Cutler, Chief of the Department of Foreign and Domestic Commerce at Washington, D. C. His subject will be "The Nation's Outlook into Foreign Fields." Gentlemen, I take great pleasure in introducing to you the Hon. B. S. Cutler.

THE NATION'S OUTLOOK INTO FOREIGN FIELDS

Address by B. S. CUTLER, Washington D. C.

Mr. President, Ladies and Gentlemen of the National Association of Credit Men:

Permit me first of all to allay any suspicion that you may entertain that I am going to descend into a technical discussion of foreign trade. Following that very inspiring speaker, Mr. Hall, and that typically American rough-and-tumble discussion that followed him it would be like poking the animals to inflict anything on you this hot afternoon that means too much concentration. I am going

to hit a few high spots, however, without any pretense of delivering final opinions.

There was a time in my own commercial life, as probably in the life of many of you, when I thought of export trade as an easy way to get rid of excess product by going with it to various parts of the world where the eager natives awaited us with gold in their outstretched hands. In boyhood our imagination had been captured by the typical story of the Yankee skipper who sailed from Cape Cod with a boat-load of calico, molasses, tobacco and corn and returned from the magic East with a fortune in silk fabrics, beautiful furs and gold ornaments. The early voyagers of the Hudson Bay Company brought back in their canoes to Montreal and Fort Duquesne—the modern Pittsburgh—packages of priceless furs. The East India Company, by the method of trading nothing for something, made great fortunes for many Englishmen. The spirit of adventure running through all these transactions gave them the final touch of romance in the telling of them.

We were just emerging from a youthful age of the world when there were lands yet to be discovered and peoples yet who would pay for our simplest products fabulous values in gold, precious stones or intricate products of craftsmanship.

That age has disappeared forever. The increase of European peoples by a multiple of twenty since 500 A. D. and their spread to every habitable part of the globe has carried broadcast their own scheme of economic valuation, and we can no longer exchange glass beads for sable furs.

Trade on any scale commensurate with production has been for several years primarily with regions where Europeans are most densely settled. Witness our export trade figures for the years 1900, 1905, 1910 and 1915 with the United Kingdom and with Germany, two countries of typical population density. Our export trade is based in these days on the wants of sophisticated peoples of our own blood rather than on the economic ignorance of peoples far removed from European civilization and using a system of valuation entirely their own.

Our early facility in trade between the two systems, without letting the trapper in Alberta know what the merchant in London thought of the trappers' furs or without letting the silk cultivator in Japan know how precious his commodity was considered in Boston, that one-time privilege has been broken up by the introduction of steamship lines and marine cables which are means of constant consultation between distant peoples on the subject of market prices. Moreover, scientific industrial production by machinery on a big scale since 1880 has forced upon us the consideration of European markets principally because we find there both density of population and a taste for our goods already established. Compared with such markets the demands in Asia or in Africa for our automobiles and sewing-machines and typewriters and tractors is small indeed.

Europe is not a market, however, that caters in the least to our one-time search for an easy outlet for surplus products. Europeans are industrial producers themselves and they offer the sharpest kind of competition on most of our products. They have, moreover,

the advantage of short transportation to their own markets and had, before the world war, less wages to pay to hand-labor.

To these inherent difficulties must be added the present post-war disabilities. Buying power per capita is at its lowest ebb in Europe since the Islamic invasion. Whether or not large aggregations of capital may still exist here and there for merchandising or for industrial enterprise, it is tragically plain that the great body of their consuming public is flat broke. Even the accumulations of excess wages in the pockets of war-industry workmen are unavailable to us in the degree that they are mortgaged to their governments for year to come. And every conceivable restraint by embargo and by limitation on purchase of luxuries will be tried by the European governments in the furtherance of public economy. During a period of intensive thrift, raw materials may be denied even their own producers of luxury articles; such a policy was severely operative during the war and need only be continued.

Again, we must take into account the necessity of the European creditor nation taking goods from their debtors. It would be extremely unfair, and unwise, for England to accept from the Argentine or from the United States merchandise which Belgium offers with a desperate gesture in part payment of her enormous debt. Likewise, France and Italy seek frantically to liquidate their mutual obligations by sales to each other. The several Ministers of Reconstruction have practically pronounced against the importation of any but vital necessities unless they come from debtor countries.

On top of all this comes the unfavorable rates of money exchange. It costs an Englishman \$1.70 to buy in the United States what he could for \$1.00 in 1918; a Frenchman \$1.25 what used to cost \$1.00; the Italian \$1.30 what was formerly \$1.00. This disadvantage is further emphasized by the prevailing high prices here as compared with 1913.

Even if these were not the facts in the case, it would be wise policy for Western Europe to recover itself out of its own energy and resources so far as it can. Nothing could be more subversive of national integrity than a weak reliance by any nation on the charitableness of another. While there is certain economic support the New World can give to the Old in the way of coinvestment in refurbished industrial enterprise or by extension of open accounts for goods bought and delivered, still anything like financial paternalism would be ineffective, and probably distasteful to the beneficiaries when they are on their way to recovery.

What Europe needs mostly is not contribution but energizing. The war-worn populations have suffered a sudden relaxation of spirit due to the unexpected ending of warfare; they exhibit a perfectly natural reaction from the intensity of national defense when every body and soul was strained to the utmost in the face of death. Their peoples are resting on their arms and expecting to be fed and clothed without further effort. Now this might have been the reward of victorious warriors in years gone by, but it is impossible after a war in which everybody, man, woman and child, has played a part in the war program. There is nobody disengaged to work for the warriors.

Those peoples must climb down from the feverish exaltation of a military crusade to the humdrum of daily work. I cannot see that any progress is going to be made by ingenious scheming to keep the pound sterling predominant or to control markets before there are yet goods produced to satisfy those markets. What, indeed, is the use of precipitating a bitter competition in shipping rates to points that it is desired to control by arbitrary low rates when there is enough demand for space to keep many lines of boats going at living rates. A dog in the manger policy feeds neither dog nor horse.

If an orgy of idleness continue to possess Europe, all the money in the New World will not save the situation. Certainly, Great Britain, for instance, will not lighten the burden of \$1,850,000,000 payable in interest by constantly calculating that it amounts to one-half the national income. Self-pity is a dangerous indulgence which the self-reliant Briton may be expected to forswear at an early date. He is the "old Roman" of the modern world, its foremost inventor and guardian. And so he will continue, after he has settled the turmoil of false economy in his own ranks. We are with him to the end.

In respect to Europe and to other parts of the world the United States is proposed as sole financier. If by that is meant the task of rebuilding industrial Europe and simultaneously to finance projects that Europe used to maintain in other parts of the world, the assignment is impossibly big. For the burden of capitalizing the railways of South America alone runs into billions of dollars. The European stockholders should insist both on a rock-bottom minimum of extension and a regime of self-support for some years to come.

For a time our attention will naturally gravitate to the hungry markets of South and Central Europe, where a system of long credits promises ample merchandising. There are also the rich neutral countries where business is to be done on less generous terms. On the other hand, we have no inherent right to the bulk of those markets, Scandinavia, Spain, Switzerland and others simply because we were the main source of supply during the war. Fair competition for their favor is far different from the two elaborate and fantastic plans of banking colonization which have been proposed and rejected by practical bankers. It may be said parenthetically that banks can be of no use anywhere unless they can do business at a profit and enough business.

How are the banks helping to break the economic deadlock? In my view of the matter, the only measure of their failure has been a congenital devotion to the liquidity of their assets. They appear to insist that first of all collateral and purchased bills shall be instantly negotiable, as if an old-fashioned "run on the bank" were an imminent contingency. For that reason they demand multiple endorsement when many times the sole recourse should be on the consignee of goods who has accepted the debt.

As a shipper, I may not be able to guarantee, even in the degree of second recourse, all of the business which I could do if my responsibility ceased after the goods had been delivered and my draft accepted by the bank. It is not at all inconceivable that

I might do a safe business of \$5,000,000 on a capital of only \$100,000, if I did not have to guarantee all or most of my accounts payable, when I endorse my foreign drafts for presentation at the bank. It seems to me that the bank should be willing to buy outright a bill of sale with sole recourse on the consignee who has the goods, since the consignee may be appraised as a good risk before the bill is purchased. In other words, the bank might properly do a type of credit insurance business by purchasing from the exporter his bills of sale at special discounts proportionate to each risk. I would rather pay a high premium within reason than to carry responsibility for a volume of accounts out of proportion to my capital investment.

The formation of securities companies for the purchase and sale of foreign securities does not promise much as a spur to merchandising. In fact, we might feel free to criticise a plan that contemplates the capture of securities at their lowest ebb of value and the subsequent sale of them to the public at the highest attainable value. For what benefit accrues to the mercantile public at home or abroad to have combinations of bankers making successful speculation in securities?

There must be some way of putting the universal merchandising incentive back of any plan to acquire foreign securities on a large scale. If a merchant cannot afford to extend open accounts for long periods, he would undoubtedly take in payment such securities as his customers could offer and could be sold to a bank or securities company by prior agreement. As for the available supply of such securities, it is known that most business houses in Europe were stock- and bond-holders before the war. Where such holdings have disappeared, government war securities have taken their place, and are available not only as a kind of legal tender but are also more desirable than inflated currency, if these securities are conservatively appraised. At least, they would be acceptable as deposit collateral to secure open accounts. Example of their use may be found in the instance of a United States concern which recently took from its customer in England certain municipal bonds which the American merchant might own at 92½, if his account was not met at maturity, a matter of eighteen months, or pass them back to the Englishman at par 100. The latter felt confident of his ability to redeem at the value he put on the property. It is interesting to know that the American submitted the bonds to customary buyers of such property on this side before he agreed to accept at 92½. The natural query is, why should not a securities company collaborate in appraisal and purchase of the bonds when, or if, any appear on the market as the result of failure to redeem.

Fortunately no such expedients are required for our export trade in other parts of the world. South and Central America can, for the most part, finance their buying on current terms. China and other Far-Eastern countries are even more free and ready financially.

The Far-Eastern region presents a fine opportunity. It is with great satisfaction that we see our trade promoters going to China for the express purpose of staying, studying the people, becoming accepted in the select circles of native business life. No longer

should we be content with the old plan of quick trips, carrying a well-filled sample trunk or merely a bunch of catalogues and relying principally upon the glib sales arguments. New York clothes of the latest cuts, a gold pencil and a morocco-covered order-book may impress the cross-roads general merchant in our own country, but in China we are meeting the inscrutable descendant of several thousand years of commercial wear and tear. He has never been visibly impressed by world cataclysms and it is not likely he will be favorably agitated by a young man "blowing in" upon him with the announcement that he represents the well-known concern of Jackson & Stein of Pocohontas Falls, Pa. The lightning-like order extractor is soon lost in the mazes of racial misunderstanding and resistance.

From now we may expect to see commercial colonizers sailing forth from the United States. We will find our nationals in ten years from now living as permanent commercial outposts in China and South America and rivaling both English and Germans in the art of economic penetration. Not long ago, a large house of our common acquaintance sent to India a salesman with these instructions: "Find a home, study your environment, become a sympathetic expert on the characteristics of the people, learn their business customs thoroughly, ascertain the credit responsibility of every recognizable concern in the vicinity, earn for yourself the confidence of every man with whom you may do business, but don't solicit a single order before the end of six months and even then, not without our permission."

The entire export situation to-day is subject to inflexibility of banking credits. There seems to be no established way of bringing into the financial clearing houses of the world the values that do exist in forms of moral responsibility and of real property. A man may own in Siberia or at Punta Arena substantial stores of marketable hides without being able to turn them into credits out of which he may buy for himself and companions what he needs. There is a great deal more isolated property in the world than is generally known. If we could only locate it, appraise it and find buyers for it, we would simultaneously create markets for our own merchandise. An even exchange of hides for shoes, with a banker looking on as financial advisor and recorder of the obligations on each side, would be the simplest method of barter.

Following Mr. Cutler's address the report of the Special Committee on Foreign Credits was read by the secretary, as follows:

REPORT OF SPECIAL COMMITTEE ON FOREIGN CREDITS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

During the war period commercial credit played no prominent or vital part in our exports for reasons obvious to this convention, but with the signing of the Armistice and a rapidly rising interest in foreign fields for the distribution of our commodities the subject of credit became of increased interest and rapidly revived the need

of keeping the Foreign Credit Department of the National Association of Credit Men abreast of the tide. Very little was done in this department during the war period; its facilities were largely dormant and its manager in the Nation's service. With the increase of interest and the need of a department that might stimulate foreign credit facilities your committee coincident with the signing of the Armistice decided upon a series of round-table conferences where subjects relative to export and foreign credits could be considered in an informal and practical way. These conferences were under the direction of the New York unit of the National Committee, of which L. R. Browne, International Western Electric Company, New York, is chairman.

The first was held during November and in each succeeding month a conference was held, the results of which were manifested in an increased spirit of cooperation and a desire to introduce facilities which would construct gradually and safely a foreign credit system.

One of the chief results of these conferences was a firm belief that foreign credit departments needed a clearance system similar in form and structure to the interchange bureaus where domestic credits are so successfully cleared. The prospect of establishing such clearance system was considered first by the New York unit of the committee and later by a committee specially appointed for the purpose.

A referendum was taken by the manager of the Foreign Credits Department of about six hundred exporting houses with the result that five hundred, a much larger proportion than was anticipated, expressed an interest in such a bureau. With this encouragement steps were taken by the special committee to outline a definite plan of organization, becoming effective when a sufficient number of subscriptions were received in such amount as could reasonably be expected to meet the anticipated overhead of such a service and when approval by the National Association in convention or by its Board of Directors was obtained.

When this report was written about seventy exporting houses had signed contracts formulated in accord with the organization plans for the bureau and upon the conditions named.

Your committee does not pretend to forecast the total benefits and protection which this department may give but with the interesting and successful example of many bureaus operating in the domestic field, there is no reason to doubt the success and value of this department should it be put eventually into operation.

The subject of foreign credits is engaging the attention of educators, a matter of pleasure and satisfaction to your committee. In commercial courses, in the program of the Federal Board for Vocational Training and of the National Institute of Credit this subject is emphasized and will continue to grow as an important subject in special or general courses of business administration.

The Foreign Trade Convention at Chicago during April attracted a large attendance and in response to a cordial invitation from O. K. Davis, secretary of the Foreign Trade Council, your committee arranged a Foreign Credit Group Conference similar to those held under the auspices of the council for two years. The

character of the program speaks for itself. The large room assigned for this conference was overcrowded and a deep interest prevailed from the beginning to its conclusion.

A very cordial relationship with the Bureau of Foreign and Domestic Commerce, Washington, opened so auspiciously during the administration of Dr. E. E. Pratt, has been renewed with its present chief, B. S. Cutler, and his assistant, Dr. R. S. MacElwee. Pressure was exerted by your committee for the promulgation of the questionnaire on agricultural, industrial, political and credit conditions that was prepared in 1917 but interrupted by the declaration of war against the Central Empires. We are sure that the questionnaire in the form first adopted or in an amended form will be sent abroad and used as the basis for information on these conditions that will help tremendously in discriminating on foreign credit risks.

Your committee believes that the interest of every member of the Association will be well served by the closest cooperation between the Foreign Credit Department and the Bureau of Foreign and Domestic Commerce and we are pleased to find the spirit of cooperation reciprocated. The Foreign Credit Department has therefore offered to the Bureau of Foreign and Domestic Commerce all of its facilities.

The chief activities for the year in this department have been confined to New York City. So far as your committee is able to ascertain there has been interest shown in Chicago, St. Louis, Cleveland, San Francisco and other cities and we would mention especially in this connection the foreign credit class organized and operated by the Cleveland association, which represents a most excellent idea. In addition the bureau contemplated by the San Francisco association for the clearance of foreign credit experience on the Pacific coast is to be noted with interest.

According to our information the activities referred to have developed principally during a few months of the last year, but your committee feels that progress has been made and that there are being built up facilities in the Foreign Credit Department for the assistance of exporters which will contribute every possible aid for a wider knowledge of foreign credit technique and to the development of foreign credit managers.

Acknowledging the courtesies received from all directions in the work of your committee the following resolutions are offered as a further expression of its views to this convention:

I

Resolved, that the National Association of Credit Men, in convention assembled, recognizes the importance to our commerce of maintaining in the National office a well-organized Foreign Credit Department for the service of members doing an export business or contemplating entering the foreign field.

II

Resolved, that the National Association of Credit Men sincerely and thoroughly approves what the committee has undertaken and accomplished toward the organizing of a bureau for the clearance of foreign credits; it believes that such a bureau must operate

over a wide field in order that its clearance may be useful, that it should be under the control and direction of the Foreign Credit Committee of the National Association and authorizes the installing of such a bureau when in the wisdom of the committee of next year and of the advisory committee of the National Board a sufficient number of subscribers has been obtained to justify the bureau's efficient operation; further, if installed, it shall be known as a service feature of the Foreign Credit Department and so operated and controlled.

III

Resolved, that every encouragement be given by the incoming committee and the Foreign Credit Department to foreign credit educational courses, and that it be recommended in this connection that discrimination be exercised so that the courses offered shall be of a character to assure a proper working knowledge of the subject and not designed merely for the profit of the promoters.

IV

Resolved, that earnest cooperation with the Bureau of Foreign and Domestic Commerce is sincerely recommended by this convention to the end that information on foreign trade conditions as they relate to the credit field may be available and better facilities developed for the safe granting of foreign credits.

V

Resolved, that the thanks of this convention be and are hereby tendered to B. S. Cutler, chief of the Bureau of Foreign and Domestic Commerce, his assistant, Dr. R. S. MacElwee, and all members of their staff who have shown appreciation of the department's efforts and dedicated their own best efforts to the building up of foreign credit facilities.

VI

Resolved, that the greetings of this convention be and are hereby tendered the Foreign Trade Council and its secretary, O. K. Davis, with the best wishes for the success of their efforts in the export field and with assurance of our very fullest cooperation on every occasion.

Respectfully submitted,

C. E. THOMAS, Chairman, U. S. Steel Products Co., New York, N. Y.

VICE-CHAIRMEN

A. ELLIOTT FROST, Bryant Electric Co., Bridgeport, Conn.
H. B. LAU, Moorhead Knitting Co., Harrisburg, Pa.

C. M. SMYTH, Young, Smyth, Field Co., Philadelphia, Pa.
E. F. DU BRUL, Miller, Du Brul & Peters Mfg. Co., Cincinnati, Ohio.

F. D. ROCK, Armour & Co., Chicago, Ill.

STANLEY F. HILL, Rice-Stix Dry Goods Co., St. Louis, Mo.

H. T. COTTAM, H. T. Cottam Co., Ltd., New Orleans, La.

E. W. WILSON, International Banking Corp., San Francisco, Cal.

C. M. FREEMAN, Rubberset Company, Newark, N. J.

SECRETARY TREGOE—I move, in behalf of Chairman Thomas, the adoption of the report and the resolutions.

W. E. TARLTON, St. Louis—I deem it a pleasure to second the motion for the adoption of these resolutions and if it meets with your approval I would like to offer this amendment, that we urge upon the proper governmental authorities the desirability of their making available to the commercial interests of this country and our consuls abroad detailed information regarding foreign credits.

SECRETARY TREGOE—On behalf of the chairman, I will take the responsibility of seconding the amendment offered by Mr. Tarlton.

When put to a vote the resolutions, with Mr. Tarlton's amendment, were adopted by the convention.

Adjournment.

EVENING SESSION

Third Day, Thursday, June 12, 1919

Secretary J. H. Tregoe called the session of Thursday evening to order at 8:45 o'clock.

He called for the report of the Special Committee on Business Meetings. Mr. Peoples of Detroit, chairman of that committee, not being present because of other engagements, M. T. Fleisher of Philadelphia was asked to act in Mr. Peoples' stead. Mr. Fleisher then presented the report of the committee as follows:

REPORT OF SPECIAL COMMITTEE ON BUSINESS MEETINGS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Special Committee on Business Meetings has not been called upon to render any specially active service in this interesting and important field of association activities, but with the assistance and cooperation of the National office has continued to observe what the various associations were arranging for their business meetings, how well they were attended and what were the net results generally, in enthusiasm, good fellowship and instruction.

Your committee would take this opportunity to emphasize that the business meeting of the local association is an important function and offers opportunities for the building up of cooperative principles in credit procedure, the stabilizing of the credit structure by instructive messages and information through general and free discussions of papers related to this indispensable element of commerce.

To neglect the business meeting is, in the judgment of your committee, to neglect one of the best opportunities offered the local association of credit men for public service, and yet with so many meetings of various types and character prevailing at the present time, difficulties always arise in the arranging of programs and in attracting the proper attention and attendance which this function of the local association deserves.

It were advisable, in the opinion of your committee, for the officers and directors of the National Association of Credit Men in annual meeting, to devote much careful thought to this department, with the enunciation of ideas and suggestions that may be adopted by local associations and be pursued with the promise of substantial success.

Good fellowship, which clearly is one of the foundation principles of constructive cooperation, and credit instruction must be the chief points of attack for the business meeting. Merely to entertain or get together a number of credit managers or business men for the purpose of hearing addresses on subjects foreign to the credit field or to commerce as a whole is not sufficient in this department, and even at the sacrifice of numbers, programs should be arranged that will offer instruction and build up the skill and powers of credit managers.

Without offering any definite suggestions to the Business Meetings Department for the procedure of the coming year and without going beyond the general expressions of emphasis and importance presented in this report, your committee nevertheless feels strongly that the assembling together of credit managers at regular intervals for interesting and instructive occasions must not be neglected if our organization is to fulfill its best purposes and play an influential part in the building of high ideals, economy and skill in the credit field.

So far as your committee was able to get the information, largely through reports made by secretaries of local associations or the chairmen of Business Meetings Committees, we are confident that the business meetings of the year just closed were of a successful and constructive type, more so, perhaps, than in former years, that the attendance was on the whole larger than in former years which gave encouragement to the formulating of those instructive programs which have been so generally followed through the year. Your committee cannot offer exact figures as to the attendance on business meetings of the year just closed, but does believe that the attendance averaged larger than in former years, that enthusiasm generally characterized the meetings and that the desire was generally manifested among credit grantors to know more about their craft.

This department of the National Association, given proper support by its officers and directors, should always play an important part in the year's activities. It were desirable, in the judgment of your committee, that some assistant be designated by the National office appointed especially for the purpose of working with the committee, specializing on business meeting programs, this service to be given to local associations in arranging their plans for the business meetings, suggesting desirable speakers and pointing out the character of meeting that brings highest approval and success.

With this brief report, general in its nature, but containing the desire to convey an interesting message to the convention, your committee begs to offer the following resolutions:

I

Resolved, by the National Association of Credit Men, in convention assembled, that the business meeting is recognized as playing an important part in building up the local association, that its development deserves careful study, that programs of meetings should be carefully prepared with a view to building up good fellowship and co-operation between credit men and to increasing facility and skill in handling the demands of the credit office.

II

Resolved, that the officers and directors of the National Association of Credit Men be and are hereby earnestly requested to devote careful study to the Business Meetings Department and arrange adequately for it so that the committee of each year, aided by the National office, shall be in a position to assist local associations in the arrangement of programs, in the procuring of

desirable speakers, and bringing the business meeting generally to the highest point of interest and instruction.

III

Resolved, that considering the importance of this department and what it may accomplish of a constructive character for credit granting skill and facilities, the continuation of the Special Committee on Business Meetings should be and is hereby recommended.

Respectfully submitted,

A. J. PEOPLES, Chairman, Detroit Copper & Brass Rolling Mills, Detroit, Mich.

VICE-CHAIRMEN

J. H. ORR, Worcester Bleach & Dye Works, Worcester, Mass.

T. K. CREE, Alling-Cory Co., Pittsburgh, Pa.

W. B. CLEMER, Roanoke Hardware Co., Roanoke, Va.

M. C. KELLOGG, Kellogg & Co., Richmond, Ky.

T. E. ARNOLD, H. E. Bragg Leather Co., St. Joseph, Mo.

L. F. FORD, A. L. Barboro & Co., Memphis, Tenn.

H. E. REYNOLDS, McGrann, Reynolds Co., Fargo, N. D.

J. A. MCSWIGAN, Crescent Mill & Elevator Co., Denver, Colo.

LON SMEDLEY, Cook, Haddock Co., San Diego, Cal.

MR. FLEISHER—I move the adoption of the report and resolutions.

SECRETARY TREGOE—Unless I hear objections I shall consider it the consensus of opinion that we desire to consider the report and resolutions as a whole.

C. S. FAXON, Cincinnati—I think that the proper thing is to encourage the discussion of credit topics at the meeting instead of having orators address them on subjects that are not really interesting to the credit man. I think so often we arrange programs that will bring in outsiders and give us a big crowd, but in my judgment if we take up problems that come before the credit man every day and have the credit men get into these discussions, you are going to interest them more. You are going to get new members and the members who do come are going to feel that they are more like a part of the organization and not simply a part of an audience. I believe in getting up subjects that the credit man will take an interest in and take part in.

SECRETARY TREGOE—Matters germane to credit matters should be featured at business meetings rather than the headline addresses.

J. CADDEN, Terre Haute—In order to make a business meeting interesting, we must get our members and our committees to work, and let me add, do not always appoint the old workers, but get the new ones interested. You cannot expect any results unless your members once in a while hit straight from the shoulder. When the discussions are all alike and everything is peaceful you will never find interest, but there should be a good, solid fight once in

a while. Get the members interested. Your talks are all right but get the members to discussing the talks informally. Then your meetings will be much more interesting.

A. SEIDENSPINNER, Sheboygan—I think one of the biggest mistakes about our business meetings is that we have always tried to get some prominent speaker to occupy the entire evening instead of taking up questions that are of interest to local credit men for discussion among ourselves. I do not want to seem to disparage the headliners. They are good in their place, but there is too much of that and we have too little of discussions among ourselves at our meetings.

A. K. MATZGER, Seattle—We have tried out this system of working our members into the programs the past year. Heretofore we have resorted to a headliner, local celebrity or otherwise, but we found that the membership was not interested and our attendance was falling off. The past year we resolved to put our membership on the program and we arranged for each meeting fifteen or twenty-five different speakers, assigning them a subject. We have tried to rotate so that during the year every member would be on his feet at least once. We found that some good listeners who have been in attendance for six or seven years had developed into efficient speakers, and instead of taking everything away with them, gave much to their association. The result has been to increase our attendance from forty to fifty a meeting. The plan has certainly been successful and we are going to continue it.

A. C. ELLIS, Pittsburgh—I believe, so far as I know, Pittsburgh is the only district or city that maintains two meetings a week, but we found out that local conditions must govern in the matter of meetings. We have headliners, and then we have meetings where nothing but credit topics are discussed. At those meetings the fellows are interested. The other meetings we fixed up for the general membership. I think that is a good solution. Let each locality work out what is best for its membership.

GEO. B. COLE, Toledo—We have a meeting every Thursday noon, at which we have regular topics for discussion among the men largely and they are well attended, they are increasing in number and there are splendid discussions. At our monthly meetings we have headliners, so to speak. Sometimes they do not come up to expectations, but we have splendid meetings. Sometimes we invite the ladies. We have some women in the Association who handle credits for their concerns. We have invited the wives of the credit men sometimes. I believe that if we have a weekly meeting, say on Thursday, it is well to take up the technical questions among the men themselves and let them talk. I believe that to have a monthly meeting to which you can invite the general public and advertise it to the public will be of more benefit to the association than discussion on so many technical things.

H. J. WHITMAN, Cleveland—The difference between a large and small association must, to my mind, be taken into consideration. In a large city you must give your members a great deal or you

cannot get them to the meetings. I believe in mixing them up, giving them headliners and toplineers, and at the same time arrange meetings in which all the members can participate.

D. W. CAULEY, Cleveland—I would like to call your attention to the group plan that we have adopted in Cleveland. Last year we held sixty-three group meetings, bringing the different representatives together according to lines of business. We found that much interest was aroused by having as speaker a man representing a company in the line holding the meeting. We found that the Public Speaking Class, which was organized for the purpose of bringing out the talents of the members, helped materially toward benefiting the group meetings. We are following that for the coming year. I would suggest that all the larger associations adopt this group plan because it gives a lot of men an idea of talking and expressing their views on certain subjects relative to their own line of business that otherwise would be lost and thereby each one in that line of business gets the thought of the other fellow. We are strong for group meetings in Cleveland.

VICTOR ROBERTSON, St. Paul—Along the group line of activity, we have in the Twin Cities a Furniture Men's Lunch Club which meets once a month. At that meeting we exchange our experiences in the presence of a stenographer who takes minutes and the trade reports resulting are given to all the members. There is an interchange of experience, and it has benefited us all very much.

F. C. HOLLISTER, Cleveland—It is necessary to have both kinds of meetings, the technical one which we are interested in for the credit subjects and in addition to this the headliner, as you call it, the meeting that should help to develop the vision, you might say, of the credit man and get him interested in subjects that are germane, as it were, to his topic but not technical.

SECRETARY TREGOE—You notice by these brief talks how individuality comes out. There is nothing uniform about the business meeting; the local atmosphere controls so largely and yet we are hoping that there will be a drifting toward some common ground in the business meeting. In the last year we thought the business meetings, as we followed them, were better attended, more interesting, constructive and instructive than the meetings of the previous year, and I have been drawing you out to see just what your ideas are. How many of you here believe in the business meeting?

It was unanimous on the part of the audience.

SECRETARY TREGOE—How many of you believe that the business meeting must not only entertain but instruct? Entertainment is the relaxation, but then instruction must come from the business meeting so that when a man goes away he feels that he has carried something with him to utilize in his own skill and work.

Now we must discontinue this. All those in favor of the adoption of the report with the resolutions will say "aye."

It is carried.

The report of the Special Committee on Amending Exemption Laws will here be presented by the chairman, H. W. Sparrenberger.

MR. SPARREBERGER—Away back yonder in the balmy days, about 714 years ago next Sunday, to be exact, in a little cow pasture over near Windsor, a lot of tenants and barons got together and slipped a barlock Nelson and body scissors on old King John and got his signature to the great Magna Charta, which the ages will always regard as the basis of English liberty. That spirit of personal freedom that put old John on the mat is the same spirit that dropped the tea into the Boston harbor and bumped off the Spaniard at Manila Bay and kicked the Hun out of the Argonne. That is what we were talking about on the platform this morning as Americanism, and quite naturally we find our courts agree that the policy of exemption is humane and wise and that our exemption laws ought to be constructed most liberally.

Now, for various reasons, the different states have adopted divers exemption laws, some of them embodied in constitutions of the most inflexible kind; many of them statutory, no two alike; most of them, I dare say, put upon the statute books by the farmer in the by-gone day when the farmer's conception of business was immature and he failed to recognize that such laws are not only a disadvantage to his state but to himself as well. Alexander Pope aptly puts it, in his essay on "Criticism," that "a little learning is a dangerous thing. Drink deep or touch not the Pierian spring, their shallow draughts intoxicate the brain, and drinking largely sobers us again."

I might call your attention to just a few instances, not to take up your time, but why should we allow a man a homestead of \$5,000 when he has not money enough to pay his just debts and really should be content to live with less pretense? Why should we let a man take exemptions out of a going business in which oftentimes there is not a dollar of his own? Or why should a state exempt real estate which has been paid for out of merchandise that has not been paid for? Or why should we exempt property in cities merely because of its small acreage without taking into consideration the value of the elaborate improvements thereon?

On the other hand, there is the good old state of Kentucky, across the river from me, where the exemptions are as good as a Kentucky breakfast, which ordinarily, they tell me, consists of a quart of Old Joe Perkins, a round steak, a dog, and invariably the dog gets the round steak.

All things come to him who hustles while he waits; all we want is justice and in time we will get it. We have made a little start: we have a few states aroused. It occurs to me that we might work in coordination with the associations of retail merchants and show them just who it is that in the final analysis helps to carry the burden.

In conclusion, there is cheering thought, for prices have doubled and by the same token exemptions from the standpoint of the fellow who gets them have been cut in two. With prices at the high-water mark and our economic conditions at present which seem destined to prevail for some time to come, I am feeling that a great many of our exemption laws, looked upon from that aspect, are modest enough.

Now with this brief preamble and in behalf of the excellent committee it has been my pleasure to supervise, I offer you the following report and resolutions.

REPORT OF SPECIAL COMMITTEE ON AMENDING EXEMPTION LAWS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Special Committee on the Amendment of Exemption Laws has a brief report to offer because out of its activities for the year has come nothing but a deepened impression that many of the exemptions allowed in states by constitution or statute are at this time unnecessary, unwise and unfair.

Amending or modifying these exemptions wherever it is deemed wise or desirable presents difficulties which the Association has never been able to overcome, and which your present committee could not successfully attempt to overcome.

Were commercial interests alone concerned and granted the privilege of bringing about the needed and desirable amendments and modifications, the task were comparatively easy, but when exemptions are allowed by the constitution of a state and can neither, therefore, be eliminated, modified nor amended except by the people as a whole, or when granted by statute by legislatures representing all manner of interests, the difficulties are obvious, and perhaps the needed and desirable amendments may not be obtained until the people themselves in their various states are brought to recognize the uneconomic results of such allowances and their reaction on the financial powers and interests of the state by the force of an educational campaign in which are brought out the restrictions imposed upon the people by laws tending to simplify escape from the payment of one's debts.

Your committee cannot offer any recommendation that is of a constructive and interesting type for procedure along the lines of a publicity or educational campaign.

The close of the present year finds the Association in about the same situation that it was at the beginning of the year, that is, in the confirmed belief that unnecessary exemptions of real and personal property are uneconomic and unwise and promote dishonesty and differences in the treatment of creditors in the various states causing a burden to commerce and obstacles to the realization of our highest powers in the intercourse of the peoples of the various states with one another.

With these brief ideas, conclusions and convictions, your committee begs to offer the following resolutions:

I

Resolved, by the National Association of Credit Men in convention assembled, that the allowance in some of the states, by constitution or statute, of unnecessarily large exemptions of real and personal property is no longer required for the protection of the heads of families or for dependents in those states, is opposed to the spirit of our commercial progress, the fairness of our commercial

enterprise, promotes dishonesty, reacts upon the economic welfare of such states and should be discouraged in every form and manner by those interested in the real integrity of the nation and the uniformity of intercourse, commercial or otherwise, between the citizens of the various states.

II

Resolved, that the Board of Directors of the National Association of Credit Men should encourage publicity or educational programs that may bring to the perception of the states concerned an appreciation of the uneconomic results and reactions of unnecessarily large or unwisely applied exemptions of real and personal property, and every channel of influence taken advantage of to bring about the proper amendment or modification of such allowances.

III

Resolved, that while the efforts of the Association up to the present time have resulted in the smallest modification of unnecessary exemptions of real and personal property, yet the National Association of Credit Men, in convention assembled, recognizes the necessity of perpetuating this department and putting back of it all of the force and powers of the Association whenever opportunities offer for the bringing of exemption laws within the boundaries of justice and good sense.

Respectfully submitted,

H. W. SPARRENBERGER, Chairman, Parsons & Scoville Co.,
Evansville, Ind.

VICE-CHAIRMEN

R. J. BENNECKER, First National Bank, Tampa, Fla.
W. F. ROBERTSON, H. F. Hockney Co., Knoxville, Tenn.
N. M. PATTEN, Shear Company, Waco, Texas.
J. H. DEWEES, Ballard & Ballard, Montgomery, Ala.
J. P. ADAMS, Brown & Saenger Co., Sioux Falls, S. D.
J. T. STRONG, Continental Oil Co., Salt Lake City, Utah.
A. F. STEPAN, Western Wholesale Drug Co., Los Angeles,
Cal.

MR. SPARRENBERGER—I move the adoption of the report and the resolutions.

It was unanimous that the resolutions be acted upon as a whole, and upon vote being taken the report and resolutions were adopted.

SECRETARY TREGOE—The next business is the report of the Mercantile Agency Service Committee. The chairman of that committee, A. J. May of Washington, unfortunately could not come. I do not recognize any vice-chairmen in the audience and am going to ask C. E. Mann of Minneapolis to take the chairman's place.

Mr. Mann offered the report of the committee as follows:

REPORT OF COMMITTEE ON MERCANTILE AGENCY SERVICE

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

During the active months of the year just closed your Committee on Mercantile Agency Service has received no serious complaints. Nothing of a striking nature has come up and constructive progress can alone be recorded.

Very obvious to your committee were the results of the close cooperation advocated at former conventions for this department, approved by your board of directors, applied by the committees and responsively welcomed by the agencies themselves.

Much has been learned through this cooperative work about the machinery and operation employed in building mercantile reports, and more accomplished of benefit and service to the subscriber and the agencies than could have been obtained by any other procedure.

Your committee feels strongly that too small a proportion of the credit fraternity understands the process of preparing reports, is not sufficiently careful and exact in the analysis of reports, and their use to the best advantage; therefore it would seem desirable, and is earnestly recommended by your committee, that at least one business meeting of the coming year be devoted by each local association to a consideration of mercantile agency service, with the presentation of ideas and questions from the angles of agencies and subscribers and, furthermore, that frequent conferences be held between local committees on mercantile agency service and local superintendents of the agencies. It cannot be doubted that such meetings, if carefully planned, and such conferences also would promote a better understanding of the service, would result in more skilful analysis of reports and the most effective way they may be used in passing on credit risks.

The agencies have shown a disposition to welcome the consideration of constructive criticisms of their service, and it should be a fully recognized obligation of the credit man to offer such constructive criticisms, to point out defects in reports and to tender suggestions. Not only should this be the procedure of the credit man direct to the agencies whose services he is using, but to local and the National Committees on Mercantile Agency Service which, after considering the criticisms, the complaints or the suggestions, can pass them on with recommendations to the agencies.

The annual conference of your chairman and his available associates with representatives of the agencies was held on April 29 in the National office. It was distinguished, as have been previous conferences, by a spirit of freedom and candor in the interchange of ideas and questions. Resulting from this conference, your committee would emphasize certain matters which seemed of larger importance. At the conference criticisms and complaints of a minor character received by the chairman during the course of the year were taken up, considered carefully and always treated with the utmost candor and fairness by the representatives of the agencies.

The building of mercantile reports is largely a cooperative matter, comprising findings of investigators and the information fur-

nished by credit departments; therefore credit managers should not be reluctant in furnishing the agencies with ledger experiences that are to be made a feature of the reports and always should inform the agencies whenever an account is proving unsatisfactory because of slowness or other abuses, for in so doing the usefulness of the report is improved. Here is something that the credit manager can do with but little trouble as his part of the cooperative plan.

Former committees have emphasized this important duty of the credit grantor in their reports to conventions, especially the furnishing of experiences so that the value of reports could be increased. With no less warmth, in fact, with a deep conviction, your committee believes that at the business meetings, and through bulletins of local associations, this thought should be presented and kept permanently before credit departments.

The antecedents of an individual, co-partners or officers of a corporation should be gone into very thoroughly by investigators of the agencies, to bring out especially what had been the previous record, commercial or otherwise, of the people reported upon, and how they were regarded for fairness and integrity. This is a character of information which the agencies are peculiarly qualified to obtain and furnish and it is a character of information which, if accurate and complete, will be of great service to subscribers.

Carefulness in investigation, with an eye to pertinent facts as regards antecedents, should be a definite aim of the agencies and should always be emphasized by subscribers.

The financial statement as a feature of the mercantile report holds a very prominent place, and your committee recognizes that in this feature some improvements are obvious, and the agencies seem willing, in fact, most anxious to do whatever they can toward obtaining accurate statements and furnishing them in proper form to their subscribers. The statement forms used by the agencies at present are reasonably complete and we should request sincerely, in connection with this subject, that the agencies obtain statements at the usual inventory periods so that their reports may offer reasonably recent statements, that they be compiled from books of account, or if otherwise compiled, the subscriber be so advised in the body of the report, and that they should be complete, that is, all of the important questions relating to assets and liabilities answered.

To withdraw the rating of a merchant who refuses to furnish the agencies with a statement is perfectly proper in the judgment of your committee, and yet it may happen at times that merchants entitled to reasonable credit refuse to give statements to the agencies; therefore, as regards the withdrawal of rating, the very best judgment and discretion of the agencies must be exercised. Subscribers must note this fact—that during the war period and because of the detail connected with the making of returns under the Federal Revenue Laws, the agencies experienced a little more than the usual trouble in obtaining statements, but as a general rule the making of the statement should be insisted upon repeatedly by the agencies if the first request is not answered, and credit men themselves should encourage their customers to furnish financial statements to the agencies.

We would repeat the recommendations of last year's committee that the investigators of the agencies, when assembling information, should ascertain, whenever an enterprise is operated under a fictitious name, whether the principals of the enterprise have conformed with the Fictitious Name Law of the state, should there be such a law on its statute books. Failure so to record should be reported to the subscribers of the agency.

Furnishing accurately the ages of individuals and co-partners should be a consistent feature of mercantile reports. The need is nearly as great in the peace period as it was during the war period, when conscription within certain ages prevailed.

Whether or not a stock of merchandise, buildings or other property are adequately insured against fire loss is another subject that should be inquired into carefully by the agencies and presented in their reports. Considering the increase of values under present conditions, this is a subject of more importance than ever because it may happen that while the original cost of a building or other property has been covered, yet the replacement value of building or property exceeds the insurance, and in the event of a total loss this fact might occasion embarrassment to the owner and unlooked-for risk to the creditors.

Complaints were made that the agencies were quite slow recently in furnishing service. Going into this subject thoroughly, your committee found that during the war period the office staffs of the agencies were much depleted, that during the war period also a sellers' market prevailed which decreased the occasion for issuing mercantile reports, but with the signing of the armistice the agencies have been overtaxed with inquiries, resulting, perhaps, from a desire of credit managers to revise their files. Under the circumstances the agencies have not been able to keep abreast of the demand. This subject, however, we were assured is receiving attention and the delay should be only temporary.

The plan adopted by former committees that complaints affecting local service should be taken up with local superintendents, and complaints affecting the general service filed with the National committee or the National office, to be taken up with the managers of the agencies, has seemingly worked out well, and a continuation of this order is recommended by this committee.

Expressing in conclusion gratification that there has developed between the National Association of Credit Men and the mercantile agencies a cooperative spirit that reacts to the advantage of both, and urging that nothing shall be introduced or recommended that might disturb the continuation of this spirit and retard the building up together of more efficient mercantile agency service, the following resolutions are respectfully offered for the consideration of the convention:

I

Resolved, by the National Association of Credit Men, in convention assembled, that sincere thanks be and are hereby tendered to the mercantile agencies for the cooperative manner in which they have received and considered complaints, criticisms and suggestions from committees of the Association and a continuation of the inter-

course that has prevailed between the agencies and the Association is strongly recommended in the belief that if persevered in the result would be to build up an increasingly satisfactory service.

II

Resolved, that local associations of credit men shall be urged to devote at least one business meeting of the coming year to a consideration of mercantile agency service, with programs that will inform as to the machinery and operations employed in building mercantile reports and with a liberal and candid interchange of views and questions from the viewpoints of the credit department and the agencies.

III

Resolved, that credit managers in their individual work be encouraged to supply experiences and information which will assist in the construction of complete reports, and that this recommendation be given publicity in bulletins of local associations of credit men and in the publications of the National Association.

IV

Resolved, that the recommendations embodied in this report shall be considered carefully by local associations, transmitted to the agencies, and every reasonable and proper effort made for their adoption by the officers and the investigators of the agencies.

Respectfully submitted,

A. J. MAY, Chairman, F. P. May Hdw. Co., Washington,
D. C.

VICE-CHAIRMEN

L. H. TAYLOR, American Hosiery Co., New Britain, Ct.
F. B. PURDIE, R. G. Dun & Co., Albany, N. Y.
C. N. BEVAN, Woolson Spice Co., Toledo, O.
GEO. KILLIAN, Dixie Portland Cement Co., Chattanooga,
Tenn.
E. A. MEVES, Excelsior Wrapper Co., Grand Rapids, Mich.
H. S. FERRIES, Parke, Davis Co., Kansas City, Mo.
E. S. MEYER, Levy, Wolff & Pitts Shoe Company, Mont-
gomery, Ala.
FRED RAY, Crescent Macaroni & Cracker Co., Davenport,
Iowa.
C. W. DIRKS, Falk Wholesale Co., Boise, Idaho.
H. L. HOLSTON, Albers Bros. Milling Co., San Francisco,
Cal.

MR. MANN—On behalf of the chairman I move the adoption of the resolutions.

It was unanimous that the resolutions be voted on as a whole.

SECRETARY TREGOE—Now for just a few minutes to speak to the subject of the resolutions offered by the Committee on Mercantile Agency Service.

A. SEIDENSPINNER—I do not object to the adoption of the resolutions, but while waiting for the gavel to fall I would like to say that there is an accusation in them against the credit fraternity as a whole such as I do not like. I am sorry that the committee's chairman is not here so that we might ask him on what he bases his remark, but in his absence I would like to ask how many of the credit men here agree with his fourth paragraph, "Your committee feels strongly that too small a proportion of the credit fraternity understand the process of preparing reports and is not sufficiently careful and exact in the analysis of reports and the use of the same to the best advantage."

Now I do not agree with this contention at all. I think that credit men have no right to claim the title of credit men if they do not understand the analysis and the use of the credit report. I do not like to see a report with an accusation of that kind adopted to go on record against our fraternity.

JESSE SPURGEON, Ottumwa—I rise to take issue with the speaker. I think that the analysis of the credit report is where credit intelligence is of the highest order. We have had an example of that at the Sioux City meeting. I recall that there was a paper presented, that two of the statements contained in it were passed around and various members present were called on to get up and analyze that statement. The analyses were as different as the persons called upon. Few of them adduced the same conclusion from the same report and there was a wide difference in the conclusions reached. I believe that it is very pertinent that the phrase be left in the resolution because I believe we need to study and learn to analyze statements.

MR. WOOD, Richmond—As one who has served a considerable time both in the sale and purchase of agency reports, I take issue with the member who objects to having incorporated the passage read from the report. I say that because in the capacity of a salesman of the agency reports, and in dealing with the credit man from that standpoint, I found a very considerable lack of understanding of the stuff that agency reports are made of. I believe that the man who is in the shoe business informs himself as to the process through which the leather goes in the make-up of shoes, and the man in the dry goods or clothing business knows something of the material in the goods he buys. It is true he buys the goods to sell and the report to use.

The man who purchases agency reports should have some knowledge of the stuff that goes into the report in order that he may know how to criticise intelligently, in order that he may know the weak points as well as the strong ones.

R. J. DEMPSEY, Milwaukee—Do we have to confine our questions to this particular report?

SECRETARY TREGOE—Not if they are germane to mercantile agency service.

MR. DEMPSEY—I intended to ask this question: Do you think that the mercantile agencies do justice to the man with sufficient

capital who establishes himself in business, the details of which he is not familiar with, when they withhold the capital rating until he has demonstrated his capacity?

MR. MANN—I think the mercantile agency is justified in withholding the rating under such circumstances.

MR. DEMPSEY—Then you think it is fair to classify this particular merchant with those who have been in business for any number of years and for various reasons are not entitled to a rating. In other words, are you classifying or are you doing justice to the new merchant who has sufficient capital and is a man of good character in classifying him with a merchant who has been in business for years with a dark record or black record, I might say—are you justified in leaving him in that class?

MR. MANN—I believe that credit men make a great mistake in relying too much on a rating, and I want to see the mercantile agency careful about rating a man; I would rather see it too careful than I would to see it too anxious to place a rating on the man.

MR. DEMPSEY—Are you doing justice to that man if he possesses undoubted capital and character?

MR. MANN—It is up to the credit man to do him justice and not the mercantile agency. The mercantile agency is to render service to the credit man. The mercantile agency is not rendering conclusions for the credit man; he must reach his own conclusions.

MR. DEMPSEY—Why is the man not entitled to a capital rating?

MR. MANN—Before I answer that question I would like to have a specific instance and get the mercantile agency's side of that proposition.

JESSE SPURGEON, Ottumwa—I want to address a question to Mr. Mann. A moment ago he said that the question raised was not a question of financial statement, but a question of mercantile report. The proper mercantile report contains a financial statement.

MR. MANN—I beg your pardon, I put it this way: "Are we discussing the analysis of a financial statement or a mercantile agency report?" I did not express any opinion.

MR. SPURGEON—If a proper mercantile agency report is a financial report, now Mr. Mann comes here, in answer to this member's talk, and says credit men pay too much attention to the rating. That means they don't know how to analyze the financial statement when they have the report, doesn't it? That is why I said they need training, they need to learn how to analyze the financial statement.

SECRETARY TREGOE—How many believe, under the circumstances, stated by Mr. Dempsey, that that merchant described should have no rating?

MR. DEMPSEY—I mean capital rating. I want to know why the agency, when they compile their information, do not give the capital rating.

E. G. BRIC, Chicago—Before you vote I would like to say this, that the agency is right in withholding a capital rating for this

reason: We will suppose a man goes into a business with \$4,000 or \$5,000 cash but has never been in that business before. That money immediately goes into stock; goes in to fixtures and may go into various other things in connection with his business. Now it clearly takes a certain length of time to determine whether his capital will be dissipated by injudicious investment, etc. For that reason the capital rating should be withheld.

SECRETARY TREGOE—How many believe, under the circumstances, that such man should be granted no capital rating?

The majority voted that he should be given no capital rating.

SECRETARY TREGOE—All who are in favor of the adoption of the report and resolutions of the Mercantile Agency Committee will say "aye."

The motion to adopt the report and the resolutions was adopted.

SECRETARY TREGOE—I am going to ask Mr. Jaynes to read several resolutions that he has to offer from the Committee on Resolutions.

MR. JAYNES—

I

Resolved, that the convention at this time, even at the risk of repetition, goes on record as urging the fullest possible support of the adjustment bureaus of the National Association of Credit Men, and especially that they be made the vehicle of friendly adjustment, and to this end it is suggested that the members endeavor to keep in close touch with the affairs of their customers that they shall be able with greater frequency to anticipate credit breakdowns and refer them, before the assets have been seriously impaired, to the adjustment bureau for examination, and if possible the rehabilitation of the debtor; *and Be It Further*

Resolved, that the National Association of Credit Men looks to its local associations as trustees of the rights and interests of the members at large and expects them to keep their adjustment bureau departments in the highest state of efficiency; that frequent examination shall be made; that there shall be supervision by competent representatives to the end that each local association can, with full knowledge of the facts, give assurance that the bureau is prepared to render to creditors service of a high order, having as its principal aim equal justice to all, and as far as possible the restoration of the debtor to his place in the business community, unless, of course, it be found that he has personal defects which will likely cause a repetition of failure.

MR. JAYNES—In behalf of the committee, I move the adoption of this resolution.

The motion was seconded and carried unanimously.

II

WHEREAS, the preservation of our national ideals, the maintenance of our institutions and the development of our resources re-

quires more intelligent cooperation, broader information and greater efficiency on the part of the entire citizenship than in the past; and

WHEREAS, the federal training camps with only one purpose in view have fully demonstrated their value in developing physical strength, mental alertness, stronger character, as well as new conception of teamwork, of personal responsibility and respect for law and order, qualities highly necessary to our national progress in times of peace quite as well as in times of war; and

WHEREAS, the records of the camps and reports to the Bureau of Education, and the experience of business men generally, show the alarming deficiency in the education received by young men as to their vocation, civics, rudimentary economics, hygiene and sanitation, and the proposed broader federal training will largely overcome these deficiencies in the voters and the fathers of the future.
Therefore, Be It

Resolved, by the National Association of Credit Men, in convention assembled, that every young man, after reaching the age of eighteen, should have the opportunity and be required to receive a short period of education and training under military discipline at government expense before he becomes a voter in order that he may, as far as possible, have the physical stamina, mental poise, definite information and general equipment to discharge his obligations to his family, in business, in civic affairs and to the nation with a full sense of the part each man should in a Republic take in promoting the common welfare; *and Be It Further*

Resolved, that we urge each member of the Association to request serious consideration of this proposal by their respective representatives in Congress and that committees be appointed by each affiliated association to arouse public support in their respective sections.

MR. JAYNES—In behalf of the committee, I move the adoption of this resolution.

The motion was seconded and adopted.

III

Resolved, that this Association does earnestly remonstrate, in the name of good business and fair play, against the common practice of attaching to important legislation a so-called rider, which is not germane to the subject matter of the measure or bill of which it becomes a part, and thus is given a standing in the calendar of legislation it would not of itself receive, and we urge here the adoption by Congress of the rule that no bill may be received containing provisions not germane to the general subject matter of the bill or that are inconsistent with the title of the bill to which they have been attached.

MR. JAYNES—I move the adoption of this resolution.
Seconded.

W. S. HUGHES, Minneapolis—I merely wanted to say to the convention that the proposal made by our committee is, so far as I know, the universal custom in all legislatures of the states of the

United States. Congress is the only legislative body that I know of that encourages the rider method of getting through objectionable or weak provisions. You can imagine why, because they can put over all manner of things; they can add as they have the repeal of the daylight bill, so that if you vote against it you have to vote against the whole bill and they put numerous things through Congress by that means which could not otherwise stand the light of day.

The motion was put to a vote and unanimously carried.

M. T. FLEISHER, Philadelphia—I want to ask Mr. Jaynes if the Committee on Resolutions has a resolution recommending the budget system to Congress?

MR. JAYNES—Yes, sir.

SECRETARY TREGOE—Now we are going along, and the next order of business is a report of the Committee on Fire Insurance and Fire Prevention, of which P. B. Bethel of Louisville is the chairman.

MR. BETHEL—Before reading the resolutions prepared by this committee, I want to call your attention to the fact that your committee is recommending in its report a program for the incoming committees that may require some two or three years to complete. The recommendations for this program are attached to this report. I therefore hope that you will take this report home to your associations or see to it that your fire insurance committees get this report for the work that they may do in the next year.

I also want to call particular attention to the first recommendation of the committee to the effect that every local association have a fire insurance and prevention committee. Your committee found that not every association had such a committee, feeling that it was perhaps useless or had nothing to do. During the next year and the years to follow you perhaps will have something to do if you adopt this report. Therefore I hope that every association will have a committee on fire insurance and prevention.

Mr. Bethel then presented the report and resolutions as follows:

REPORT OF COMMITTEE ON FIRE INSURANCE AND FIRE PREVENTION

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

While the pressing demands of other departments of the Association have had their effect on the work of the Committee on Fire Insurance and Fire Prevention, yet the year is not empty of results in this now well-established branch of our organization.

Many of the members will recall that the Association several years ago entered upon a campaign of intense popular education in fire insurance and prevention. The Association at once sprang to the leadership in this educational work. It arrested nation-wide attention despite the fact that the subject could not be more than a feature of our large annual program of activity. The fundamental

object was to show that the people themselves made the fire insurance rates, determining that rate by the rate of burning. To put the case more bluntly, the purpose of the campaign was to show that it was largely through carelessness that we suffer our stupendous fire waste.

An important result of the campaign was to bring about a fairer attitude on the part of the public toward fire insurance companies, which has meant that strike legislation against fire insurance companies has met with more difficulties than heretofore in the various states, the people gradually being made to understand that expense politically loaded upon the fire insurance companies must inevitably be reflected in premiums paid by the people. This educational work also helped in getting a hearing for the fire insurance companies themselves with the people, for the people with a clearer understanding of the principles of underwriting gave readier ear to the educational work of the fire insurance companies and their engineers, who have themselves seen the importance of giving the people a better appreciation of all that pertains to insurance, prevention and protection, including better construction, better fire-fighting equipment and better inspection.

The great Underwriters' Associations now divert large sums to this educational work and are happily finding in most directions a ready willingness on the part of the people to listen to and accept their recommendations.

The committee has continued to receive the reports of the engineers of the National Board of Fire Underwriters, based upon investigations in the various states and has been forwarding them to the officers of local associations in the cities covered by the report, urging that every influence be exerted to bring about changes recommended by the engineers.

Some of our local associations have been doing work in the insurance and protection department that is worthy of noting in the record of this annual convention. Especially noteworthy is that example of service rendered the city of Cleveland by its Credit Men's Association—an example which brings out also the priceless value of having such an organization fully prepared in an emergency to apply well-directed, common-sense and business-like efforts.

Briefly, the incident is this: A serious strike took place in Cleveland which completely demoralized the fire-fighting forces of the city. The strike resulted in destroying the city's chances of meeting a serious fire emergency. Some of the large fire insurance interests in New York communicated with the National office to state that for their safety the companies would have to withdraw insurance coverage from the congested districts of Cleveland until protection such as had existed at the time coverage was placed were restored. The companies pointed out to the Association that it was not a question of increased rates, but of inability to cover risks which were many times greater than had originally been figured upon. The companies assured the National office that no precipitate action would be taken, but reasonable time would be given our local association to bring its influence to bear. This message from the companies was immediately wired to President Klingman, of the Cleveland association, who forthwith responded that the officers and com-

mitteemen of his association had been called together, and were in conference with the officials of the fire department, and were sanguine that there would be a restoration of full fire protection within seventy-two hours. Before that time had passed a telegram was received from Mr. Klingman to the effect that the Cleveland firemen had now returned to duty on the order of the mayor to go back to work on the old schedule, thus removing the acute conditions to which the fire insurance companies had objected, that definite arrangements for settling the grievances of the fire fighters had been made while they were still on duty, and that thus the city was being given its usual fire protection.

Here was a case having the worst sort of possibilities. The situation in Cleveland, creditwise, would have been seriously impaired had the companies finally resolved to withdraw their coverage, as was clearly their right. No association in Cleveland was in as good a position to understand this so well as the Cleveland Association of Credit Men, and its prompt and effective action is a matter for congratulation, not only to Cleveland, but to the country at large.

There has been during the year special activities by the Des Moines association for better fire protection conditions. A special meeting was held during the winter, attended by the fire marshal of the state and local inspectors, when there were pointed out the hazards in Des Moines brought about by inadequate building laws, and the fact that the business men of the city were not cooperating with the inspectors of the fire department in making their inspections effective. It was also pointed out that there was an insufficient water supply and undermanned fire department. The result was that there was a thorough stirring up of the members of the association and it is hoped by the officers and insurance committee that it will be possible to accomplish something real in the solving of the Des Moines fire insurance problems.

Fire insurance work at Grand Rapids took the form during the year of endeavoring to instruct traveling salesmen of member houses to report to their home offices all apparent hazardous fire risks, and refer them to the Fire Insurance Committee, which is planning to carry on educational work to reduce the particular hazard in question.

The Portland association never fails to find a place in the annual reports of the Fire Insurance Committee. This year educational work in Portland, largely at the instance of our Association there, was conducted by four-minute speakers in the theaters, moving-picture houses, schools, etc., so that scarcely any of Portland's people escaped hearing the part that each can perform in making Portland safer against the fire hazard.

The Los Angeles association also has been getting the results this year of a fire-prevention campaign it took part in during November, 1917, when it joined with the Fire Prevention Bureau of the Pacific in an effort to bring about an improvement in the fire-loss record of the city. The association there helped in developing an effective publicity campaign, was able to do good work in bringing about cooperation among the citizens in fire insurance and protection, and in forcing the making of improvements in the

various buildings that the inspectors found to be necessary. The results have been astonishing in the falling off in arson cases, in the decrease in the number of alarms and the reduction of fire losses.

A suggestion made by the National Association that some of our returning soldiers who have by reason of their wounds been incapacitated to return to their former occupations could easily be trained to do inspection work on the fire departments of our cities had country-wide publicity. The committee feels that such use of a returning soldier would mean that he might become as real an economic force as he was before the war, for intelligent inspection has been proved again and again the best means of holding down fire losses. We feel this to be a sufficiently important subject to be embodied in a resolution.

We wish to take this opportunity to thank the members of the Missouri associations, and particularly of the St. Joseph association, for the renewal of their vigorous efforts for the enactment of a fire marshal law for the state. We trust that the new failure to succeed in their purpose will leave our members there as full of courage and determination as ever to carry through their object.

As a part of our fire insurance work, the Association continues to make available to members information on fire insurance companies, associations and bureaus as information is asked. Our observation is that creditors are making more and more consistent efforts to impress upon customers, largely as they request property statements, the importance of fire insurance as a credit element, and are advising customers as to safe companies. In this work they have discovered cases, some of which have been referred to the Association, of insufficient insurance, which it was found on investigation was due to the high cost of insurance; in one case notably, \$60 for \$1,000 insurance per annum. The Association has endeavored to discover the reason for such rates and advise regarding the methods of lowering them so that, as in this case, insurance will not be practically prohibitive.

The Association regards with satisfaction the adoption of ordinances by the cities of New York, Newark, Cleveland, Cincinnati, O., and Austin, Texas, providing for individual liability for fires due to carelessness or neglect and for non-observance of faulty conditions called to the attention of the owners by the inspection department of the fire department; also to the fact that the state of Pennsylvania has passed a law providing for a similar individual liability.

Of course, after all the educational work that has been done these several years, it is a matter of regret that it is not possible to show a steady falling off of the fire-loss ratio. It still runs into stupendous figures, losses in 1918 being \$290,000,000, or \$40,000,000 more than in 1917, an increase of 34 cents per capita for the nation. In other words, \$2.42 in 1917 and \$2.76 in 1918. This increase has come without any conflagration except the Minnesota forest fires of October last. It is fair to say that there is to be taken into consideration the general increase in property values, which undoubtedly, is sufficient to offset the increased dollar figures for the past year.

Your committee feels that it is worth while to present in this report a program of activities which can be profitably pursued for a

series of years by fire insurance committees of local associations during the course of their term, each committee keeping a careful record of its accomplishments, passing over the results to their successors so that the advantage of work already done and plans laid out shall not be lost. Your committee takes pleasure in appending to this report its basic recommendations for such a program. This, it is recognized, would, of course, be subject to change as a result of the studies of succeeding committees.

The development of the program would best be had if the files of retiring chairman and vice-chairmen and of the chairmen of the fire insurance committees of the various local associations were preserved and delivered over to the incoming committee; also there ought to be the appointment of the incoming fire insurance committee as early as possible in the year, so that it can get early to work in pressing for the organization of the fire insurance committees at local points with a view to making proper observance of Fire Prevention Day, which falls usually October 9.

Your committee acknowledges with thanks the assistance rendered by Franklin H. Wentworth, secretary of the National Fire Protection Association.

Within the last two years the Fire Underwriters of the United States have established a new and uniform basis of rating. Their schedule is now being applied to every state in the Union as rapidly as a survey can be made. Your committee finds, on a study of the new provisions and requirements, that rates are to be greatly increased in the new schedule unless strenuous efforts are made to prevent the increases.

This was demonstrated in the city of Louisville this year. The new schedule was applied in that city with the result that basic rates were greatly increased. By means of open meetings and conferences with the city administration and the Board of Fire Underwriters, the local credit men's association in conjunction with other business organizations was able to overcome certain objections and restore the city to its former good rating.

Your committee recommends that each local association look carefully into this situation and through the fire insurance committee investigate new classifications attempted within each city. In the opinion of your committee, too little consideration is given by local fire insurance committees to conditions in their states outside of their own cities. One of the problems confronting credit grantors to-day is the lack of adequate fire protection among the thousands of merchants located in smaller centers where fire protection is inadequate and rates prohibitive, and yet where, with a little effort, hazards can be reduced. We recommend careful consideration of this problem to the incoming committee.

Finally, your committee offers the following resolutions:

I

WHEREAS, the fire waste of the United States is far in excess of the loss by fire in other countries of high commercial standing and is to a large degree preventable; be it

Resolved, that the National Association of Credit Men, in convention assembled, go on record here again in confirming the importance to the business interests of the country of the Committee on Fire Insurance and Prevention and as a means thoroughly tried of preventing fire waste, urges the development in the fire departments of our cities, of the inspection side of the fire department service for the purpose of locating and eliminating hazards.

II

Resolved, that the Association give as wide currency as possible to the suggestion that some of our returning soldiers who have been incapacitated to perform their old work, but who have the proper qualifications, be trained for fire inspection work.

III

Resolved, that we here express our appreciation to President Klingman of the Cleveland association and his fellow officers and committeemen in meeting with alertness and energy a serious crisis in their great city, which threatened to deprive the congested districts of that fire insurance which is essential to maintaining the credit structure.

IV

Resolved, that the appreciation of this convention be extended to the Fire Insurance Committee of the St. Joseph association and all who assisted it in the unrelenting effort to secure a fire marshal law for the state of Missouri, and the hope is here sincerely expressed that the failures of the past will not deter our Missouri members from continuing their efforts with renewed zeal and determination.

V

Resolved, that the Association give special attention to the fact that property owners have not, apparently, yet appreciated the meaning of the high prices for replacing of buildings, material and merchandise, that safety demands that these increases be followed by increased insurance in order to maintain the same ratio of protection previously enjoyed.

VI

Resolved, that the members of the National Association of Credit Men be urged to lay stress upon the necessity of proper fire protection and insurance in their dealings with customers and especially emphasize this subject in the forwarding of their property statement forms to customers as a basis for credit.

VII

Resolved, that the incoming Fire Insurance and Prevention Committee, in conjunction with the National office, adopt a program which shall include the gathering of necessary data as to rates and fire losses in the several states, results of the enactment of fire marshal laws and other legislation in the various states and cities looking

to fire betterment, etc., and other matters pertaining to this subject as set out in the recommendations of the committee, appended to this report.

Respectfully submitted,

P. B. BETHEL, Chairman, Falls City Clothing Co., Louisville, Ky.

VICE-CHAIRMEN

R. L. MILLER, Claflin Sumner Coal Co., Worcester, Mass.
 W. F. MOODY, G. W. Moody & Son, New Castle, Pa.
 C. W. JOHNSON, Merritt Hardware Co., Macon, Ga.
 J. R. DELANEY, Eagle Mfg. Co., Bristol, Tenn.
 A. L. WALDOW, Kalamazoo Pants Co., Kalamazoo, Mich.
 NAT GOLDSMITH, San Antonio, Texas.
 W. S. MONK, Central Alabama Dry Goods Co., Selma, Ala.
 L. H. STUBBS, J. S. Anderson & Son, Cedar Rapids, Iowa.
 T. C. HOLLINGSHEAD, Oaks & Co., Boise, Idaho.
 E. F. STEWART, Northwestern Mutual Fire Association, Seattle, Wash.

SUPPLEMENTARY TO THE COMMITTEE'S REPORT

To the Incoming Committee on Fire Insurance and Fire Prevention:

Below is given an itemized list of suggestions as a basis for the activities of the Committee on Fire Insurance and Fire Prevention for the coming year. This program, to be fully carried out will require at least three years. To accomplish it, we recommend that the committee, in conjunction with the National office, perfect this program and adopt it as a working basis for succeeding committees until its provisions are accomplished.

Other matters will necessarily arise to claim the attention of this committee. These, of course, will be added to this program.

We recommend that the chairman, vice-chairmen of the Fire Insurance and Fire Prevention Committee of the National Association and the chairmen of local Fire Insurance and Fire Prevention Committees keep files of their work of the year, and deliver to the next encumbents of these offices, so that they may learn quickly and definitely WHAT HAS BEEN DONE.

Our recommendations are as follows:

1. See that every local association has a Fire Insurance and Fire Prevention Committee.
2. See that every association has a Fire Insurance and Fire Prevention meeting; this to be held so far as possible on National Fire Prevention Day, October 9th of each year.
 - a. To these meetings should be invited representatives of the city administration, fire department, Board of Fire Underwriters and insurance men.
3. Make lists of states without fire marshal laws.
 - a. Where there are no fire marshals, put the matter up to the legislative committee of local association in such states to pass such a law.
4. Learn whether fire marshals are doing their duty.
 - a. Get in touch with fire marshals in each state and discuss with them their work. Make suggestions of improvements in service and offer the association's services to that end.
5. Learn whether building codes and fire ordinances are adequate and observed.
 - a. Get in touch with city administration and boards of safety and discuss this matter, also interview Board of Fire Underwriters and offer the services of the association to both.
6. Learn whether fire departments in each city are adequate and well manned.

7. Study rates in each city and state and determine whether they are equitable.

a. If not, ask local fire underwriters how they can be reduced.

b. Take recommendations up with local boards of safety or city administration.

c. Learn how rates can be lowered in towns and country districts in each state.

d. Learn how merchants can get better coverage in country districts.

8. Educate country merchants in the fundamentals of fire insurance and fire prevention. Teach them to:

a. Keep premises clean and free from inflammable material and to observe recommendations of inspectors.

b. Observe requirements of iron-safe clause in fire insurance policies.

c. Keep annual written inventory, itemized and preserved.

d. Preserve invoices of purchases.

e. Keep proper books of account.

f. Give notice to insurance company of additional insurance beyond amount allowed in each policy.

g. The necessity of knowing that companies carrying insurance are absolutely good.

(This can be done by merchants applying to wholesalers or to the local or National Credit Men's Association for information.)

h. The necessity of a merchant where he is not carrying full insurance carrying at least enough to protect his creditors.

9. Local committees should study percentage of fire losses in their city and state and endeavor to discover why the loss is greater than in other cities and states and how it can best be remedied.

a. Now that the National Fire Underwriters are re-classifying the entire United States, local associations should be alert to dangers of a largely increased rate in their cities and states.

10. Urge the inspection of fire risks by fire departments or boards of safety authorized by law.

a. This work should be done by the firemen themselves.

b. This inspection is urged by the National Fire Underwriters' Bureau and for this service a considerable allowance is made in a city's basic fire rate.

11. The cities of New York, Cleveland, Cincinnati, Austin, Texas, Newark, N. J., and the state of Pennsylvania have passed ordinances and laws providing for individual liability for fire due to carelessness and neglect.

a. We recommend your careful consideration of this subject as applying to the larger cities.

12. Credit men receiving property statements showing no fire insurance should call attention to this fact in acknowledging such a statement.

13. The National office might with profit publish leaflets to be enclosed in each member's mail during a given month outlining the necessity of adequate fire protection in GOOD COMPANIES as a basis of credit. This pamphlet should outline to the merchant the necessity of observing the simple but binding conditions of all fire insurance policies such as iron safe, books of accounts, annual inventory, overinsurance and other such conditions. Such enclosures going to merchants from every jobbing center in the United States during a given period will make a deep impression.

14. Invite associations to present to you their insurance problems and if you cannot help them solve a particular problem, pass it on to the National office.

15. Local associations will no doubt take up other work through their fire insurance committees. Ask them to keep you advised as to the nature of this work.

MR. BETHEL—I move the adoption of the report and resolutions.

The convention asked the consideration of the report and resolutions as a whole.

W. W. MAGOON, Huntington—The question of fire insurance with our local association has demanded a great deal of time and thought and one of the great difficulties we have is that there are some merchants located in cross-road places who are good, capable merchants who would carry insurance if they could get it, but are unable to get insurance. It has been a serious question as to how to educate those people and how to obtain insurance for those country merchants, and any enlightenment along those lines will certainly be appreciated by the Huntington association.

SECRETARY TREGOE—Mr. McGowan, I am afraid it would be difficult to give you suggestions in a meeting of this kind, but I think it would be very well for you to put that up to the incoming committee and ask them for suggestions as to how the situation might be relieved.

B. E. CUSHING, Cleveland—I wish to cite another instance of the work of our Cleveland committee which occurred only last week as evidence of the appreciation which our city officials felt for this other work which we have done. The National Board of Fire Underwriters at Cleveland recommended that \$300,000 be spent to put the fire-fighting apparatus of the city in proper condition. The National Board stated that if the city would spend that money as they recommended they would not increase the rates in Cleveland, otherwise they would. Our fire insurance committee arranged a meeting of the city officials last week, met with them, received their assurance that they would not only spend the \$300,000 as the National Board recommended, but would add \$100,000 more to it and another \$200,000 next year. They expressed a great appreciation for the work of our committee, stating that we were all working for the same thing, to wipe out the fire menace and keep down the rates.

When put to a vote, it was unanimously voted that the report of the Committee on Fire Insurance and Fire Prevention, together with the resolutions, be adopted.

MR. BETHEL—Now just for a few minutes I am going to ask an outsider to say a few words. This is such a small gathering—we have the life and spirit but we have not the numbers. We did not expect them and we did not expect any outsiders, but we have had with us to-day Mr. Tuttle, representing the National Association of Fire Underwriters, who came here to look in on us. It is surprising to me the number of visitors we have had. O. K. Davis of the Foreign Trade Council came especially to see our convention and there seems to be a desire to look in on the credit man in action.

MR. TUTTLE—I bring you the felicitations and good will of the National Board of Fire Underwriters, feeling that you have done as much or more than any other organization toward the accom-

plishment of a reduction in the fire waste of this country. I want to assure you that we (and "we" means the National Board of Fire Underwriters) are back of every one of the resolutions which you have just passed. I speak not only for our organization, but particularly for every one of the 256 companies composing the membership, that they and their field and agency organizations are back of you in this work.

I want to drift just to one point that concerns you credit men, because I notice on one of the pages of this report is brought out a feature that I, as an insurance man, feel it is my duty to bring to you. In your report is cited a case of \$60 for \$1,000 insurance per annum. If there ever was a red flag put out to you credit men there is your warning. If you were depending upon the insurance for security there is no better warning to you than a high rate. Six per cent. is the top rate in fire insurance. When you get to that point the risk is so bad that the company does not want it at all and you had better look out.

There are a good many things that I could tell you, but I want to say as regards the National Board of Underwriters, more what it is not than what it is. The National Board has nothing whatever to do with fire insurance rates; it has nothing whatever to do with fire insurance commissions to agents; it has no legislative control over the companies or its members; its organization is wholly for the general upbuilding of the country; its activities, its work is carried on through such committees as the Actuarial Committee, which prepares the figures and data for all over the country, adjustment clauses and forms; Construction of Buildings and the Finance, Fire Prevention and Engineering, including the great Underwriters' Laboratories in Chicago, laboratories which are now extending their work over the entire world and had their untiring organization at the disposal of the government during the war; Incendiarism and Arson Laws Committee, Membership, Public Relation, Statistics and Origin of Fires and Uniform Accounting. The organization does not come in contact with the rate at all. Therefore its work is directly along the work that has been outlined by your committee and we can justly say that we are with you and our organization's services and committees, not only through our New York office, but in every one of the prominent cities of the country, and we stand ready to aid you in any way.

I want to ask of you, do you feel it your duty as credit men, where a serious condition exists in the fire risk of men to whom you are extending credit, that you should insist upon the correction of the special hazards if they are brought to your attention? By cooperation with the companies and their cooperation with the local associations, serious defects can be corrected. It is not the rates that we should be most interested in, but the lower loss rate, because that is what makes the rates. The lower you get the record the lower your rates are going to be, whether it is in the country, village or the largest cities.

I do not want to take your time. I am simply bringing this message of good will from the fire insurance interests and greet you for the excellent work that you have done.

SECRETARY TREGOE—Thank you, Mr. Tuttle. We are mighty glad to have you with us as a visitor.

Just for a little while we are going to concentrate upon association work in which we are very much interested, just a brief symposium on association work. T. K. Cree of Pittsburgh, one of the ardent and active workers of the Pittsburgh association, is going to speak to us and I must get his subject accurately—it is "The Local Association of Credit Men, Form of Organization, and the Characters of Activities That Will Best Insure Its Success in the Meeting of Its Responsibilities." It gives me great pleasure to present to you Mr. Cree of Pittsburgh.

CONFERENCE SUBJECT

"THE LOCAL ASSOCIATION OF CREDIT MEN; FORM OF ORGANIZATION, AND THE CHARACTER OF ACTIVITIES THAT WILL BEST INSURE ITS SUCCESS IN THE MEETING OF ITS RESPONSIBILITIES"

MR. CREE—I think I am more frightened at speaking to this audience than I would be to a whole crowd, because these fellows before me are authorities. They are the active men and now for me to come and to try to tell you about the activities of the association is rather presuming, for you know more about it than I do.

The ordinary busy credit man rarely sits back and considers as a whole the activities of his local association, taking in the functions of its different bureaus and committees, and the ultimate effect of the efforts of the 75 to 150 men on these committees who give on the average at least one or two hours per month to the consideration of some credit proposition which affects in some degree his own problems. It will be good for us here to turn our attention for a little while to what is being done locally as well as in the larger national work.

Every delegate to this convention has, I am sure, at least some idea concerning the responsibilities of his local association, and knows something of the degree of success it enjoys in meeting them, but probably no two would agree in a statement of either. For the sake of clarity to define the question of Responsibility, let me quote part of the preamble of one association:

"OBJECTS—This association is organized for protective and educational purposes; to combine the intelligence and influence of members for protection against imposition and fraud; to agitate and effect changes in the laws of various states and the United States looking to uniformity of statutes and protection of creditors against abuses now prevalent; to punish commercial fraud whenever legally possible; to bring about mutual improvement in the customs and usages of trade, and to establish closer ties of business association, to the end that the welfare of all may be the more highly conserved."

With this affirmation of responsibilities, let us pass at once to the consideration of the activities to meet them:

BOARD OF DIRECTORS: The great success of the Association of Credit Men is due to the character of the men attracted

to membership and those who have controlled its development; progressive, conservative men of high ideals and integrity who have been able, as in no other organization, to change business ethics and methods until unfair and fraudulent practices are largely eliminated or are the very rare exception in the great volume of business. The local organization should be incorporated; it should be governed by a board of directors of the strongest credit men in the community, nominated only after careful consideration and consultation, and elected for a period of two to three years, not over one-half to be elected at one time. To my mind, three-year periods and one-third elected each year is the ideal plan.

All officers should be elected from members of the board, thus insuring experienced men who are known in their relation to associational activities, and providing against the election on the spur of the moment of a brilliant speaker who could stampede a meeting and afterward kill the association by unwise administration.

The growth of some locals will soon call for a more detailed plan of organization to meet the problems of the different interests now so largely represented—manufacturers, jobbers, retailers, bankers and associates. This may be done by reorganizing the association into four or five departments, with three or four directors elected from each group: these directors to constitute an executive committee, and direct the activities of their department. This would prevent the organization of groups outside the association and confine under one management the credit intelligence of the community. Such a plan could easily be perfected and would provide representation for the retailer and the associated members, many of whom are so active in promoting credit interests.

COMMITTEES: It is safe to say that the most successful association is the one in which the largest proportion of individual members is active and interested. The personnel of committee chairmen should be considered carefully, and only men who are willing to assume responsibility should be appointed. The size of the committees may vary according to the kind of work to be done. Where good chairmen are available, I am in favor of subdividing activities and increasing the number of committees, thus providing places for more members to express themselves in the life of the association.

It is not necessary for me to enumerate a classification of committees, nor to speak specifically of the work of many of them, but I wish to call attention to a few. We have heard here the reports of the adjustment and exchange bureaus—two great arms for the protection of the association member. Neither of these gets the full support its merit deserves. The credit exchange bureau, operated in a cooperative spirit for exchange of information from mouth to ear among the credit men, gives ledger experience one to the other. This valuable service has saved a great many from entering into negotiations with persons who are not desirable for credit. The credit exchange bureau in its operations has cemented friendships that would be difficult to bring around in any other way, and has been a great means of helping the credit man in meeting his responsibility to other credit men. It has been the channel through which many have received information which suggested the advisa-

bility of withdrawing credit advantages to merchants in a failing condition in time to avoid loss.

The adjustment bureau activities have proven their worth in the great number of friendly settlements, wherein the debtor, as well as the creditors, have benefited by the cooperative spirit in adjustments. Great savings in bad-debt waste are made through mutual efforts in creditors' meetings, directed by bureau managers. No one can estimate the results from the sixty-six organized departments in the economical administration of bankrupt estates; in the salvage corps; in preventing preferences, in united action, and in increased dividends.

CREDIT EDUCATION: Perhaps the most important development of the last few years is the educational feature, as shown in the various classes held under the guidance of local committees in business colleges, Y. M. C. A.'s and other institutions are blossoming out into the new National Institute of Credit. Of this we shall hear fully to-morrow, but in passing let me prophecy for results that will be far-reaching and which in the years to come will set our profession on a still higher plane through the broader and deeper education of the credit manager.

MEETINGS: One of the greatest benefits of the local association is that which comes to the credit man through the acquaintance and friendship of other men, not only in his own line, but the stronger men of the other lines also. The weekly noon-day luncheon where tried has resulted in many such friendships because more frequent opportunity for contact is afforded than in the monthly or quarterly gathering. A weekly luncheon started informally by ten or a dozen members will rapidly grow into a regular formal meeting. In addition to the weekly luncheons, there are in some associations luncheon club meetings on another day. In Pittsburgh this form of activity is found in what is known as the "Credo Club," directed by the Credo Club Committee of the association. The club, which has been in existence for about two years, affords a better opportunity for individual discussion than the larger meeting, and is attended by forty to sixty of the younger men.

THE GROUP CONFERENCE: Another recent development in Pittsburgh is the extension to the local association of the trade group conference idea. In order to keep within the association control the organization of small credit bodies interested in one line, during the past winter this association, at least, has given the matter much study and finally succeeded in organizing under the direction of one Trade Conference Committee fourteen separate conference groups, each of which is organized under its own chairman and sub-committee, who arrange for future meetings of the group once a month or oftener, as the plan is developed in each group. The plan can easily be started in any association by the appointment of a trade conference committee, which can arrange for an evening meeting to explain the proposition, and then divide the meeting into pre-arranged groups, under temporary chairmen, who then organize and select group committees, set dates for other meetings, and outline the subjects to be covered.

Where it is being tried the members are very enthusiastic, and it is hoped in this way to give each member of the association a place where the problems of his own trade will receive definite consideration. The plan will be modified or extended in the fall and will be a great talking point for the membership committee.

OTHER ACTIVITIES: The time allotted me will permit only bare reference to other important features—the work of the prosecution committee, which has been such a strong factor in bringing about the conviction of many fraudulent debtors and the discouragement of dishonest business practices. The combined intelligence and hearty moral support of the entire local association and of the community should back the committee.

The increasing benefits from the credit cooperation and credit methods committees are evidenced in the open exchange of credit information and the growing confidential relations between creditors; their willingness to unite in amicable settlements, and to accept their proportion of an insolvent estate. Under this heading comes also the education of customers, the advantage of cost systems, adequate bookkeeping, financial statements, agency cooperation, the matter of fire insurance and increased efficiency in every department of the financial end of business. Every detail of these should be covered in the activities of the local association.

No small responsibility is that placed on the legislative committee. This committee should keep in touch with legislative matters in a general way, but specifically in matters pertaining to commercial practice and financial interest. Cooperating with other state locals in the passage and enforcement of bulk sales acts; bad-check laws; laws giving exemptions; false statements; fictitious-name practices; fire insurance; uniform instruments, etc., and with the National Association in the bankruptcy, uniformity of exemption laws and the currency reform acts of Congress. One or two weekly meetings, or at least one evening meeting of the association should be held each year under the auspices of this committee for the consideration of these and other phases of legal procedure.

Many associations find an annual ladies' night banquet or entertainment helpful in cementing friendships and adding to the good fellowship so necessary in a progressive organization.

Special mention might also be made concerning the character and qualifications of the paid employees of the association. The business office should be conducted with efficiency and courtesy as becomes modern successful management, so that all coming into contact with any agency will realize the oversight of practical business administration.

I have tried to give, without too much detail, an outline of the many factors entering into a prosperous local association, in order that you may for at least a few moments compare the work of your own city with others. I want you to know that you belong to no mean institution, but to one which in a hundred and twenty-five communities is doing more constructive work than any other organization in any one of them; that throughout the country nearly thirty thousand men are interested members in the same organizations. It may be that some of you heretofore have not been active

in your home association. Let me urge each of you to find your place on some committee; to become known as an organization worker; and to help increase the personal interest of every other member to the end that "the welfare of all may be more highly conserved."

SECRETARY TREGOE—Now that is the last address for to-night. We are going to have just a little quiz on this subject and I am going to ask your ideas about one or two matters, so that we will round out the night.

Now, Mr. Cree, come up and take the witness chair. Mr. Mixer, what do you think of that paper?

C. D. MIXTER, Worcester—It was a very good paper. One strong point brought out is to get every one of the members working. I think that a very large number of the associations have a board of directors of three, five, seven or nine. Every one of them should change their by-laws and make a board of directors large enough to take every committee that there is and the chairman of each committee on the board. By doing that, you have a start and a basis to get your reports back from your committees to the directors' meetings. You also have the chance to get different men and new men on one of those committees and then you can get the outside more or less interested.

MR. JAYNES—We do not agree with that proposal in Cleveland. We get our board of trustees from our committee chairmen. We cannot have both. It is understood and is an unwritten law, practically, in the Cleveland association that those committee chairmen who do good work for the association are the men who are eligible for promotion to the board of trustees. The active worker is first promoted to the vice-chairmanship of the committee; from there he goes to the chairmanship; from there he goes to the board of trustees and becomes eligible for office in the association.

SECRETARY TREGOE—How many agree with Mr. Mixer that this was a good paper?

It was unanimous.

SECRETARY TREGOE—Now, Mr. Cree, let me ask you a question? Of all the parts and functions of a local association, as we see it, what part will most quickly make or unmake the association, in your opinion?

MR. CREE—The thing that will most quickly make the association is the winning of the interest of the individual member.

SECRETARY TREGOE—The winning of the interest of the individual member. Do you agree with Mr. Cree? What is your idea?

J. B. DAVIS, Cleveland—It has always been my idea that the man gets out of an organization in proportion to what he puts into it, whether it be a credit men's association or any other association—anything in which he may be interested, and it has been my pleasure, as a member of the Cleveland association, to be associated with groups of men in whom I have had absolute confidence. I feel that they place some confidence in me and I want to say that the benefits

I derive may be ten times what the effort has been on my part to the association.

WM. MEYER, Pittsburgh—I thoroughly agree with Mr. Cree. He spoke of the Credo Club. The Credo Club started with four, or five men around a table and added a new man every little while until it grew to be quite a club. They wanted to make the meetings of the association of interest to the members.

SECRETARY TREGOE—Mr. Cree, of the two officers, the president and the secretary, which is the more important?

MR. CREE—Each in his own place. They have two entirely different functions. The president of the association has the direction of the volunteer workers and of the paid secretary. The latter works under the direction of the board of directors and is with us constantly. His work is a little different from that of the president. I would not like to say whose work is the most important.

SECRETARY TREGOE—Now let me give it to you. One association has a good president and a poor secretary; another has a poor president and a good secretary. Which of the two will likely succeed?

MR. CREE—I wish you would leave that to the house.

SECRETARY TREGOE—I asked the question that if one association has a good president and a poor secretary, and another one a poor president and a good secretary, which of the two is the more likely to succeed?

H. W. SPARRENBURGER, Evansville—Ask him that same question, as to whether a corporation with a good president and a poor secretary would be more likely to succeed than a corporation with a poor president and a good secretary?

F. C. DEMMLER, Pittsburgh—A good president would not have a poor secretary.

SECRETARY TREGOE—That is a good answer: a good president would not have a poor secretary.

C. S. FAXON, Cincinnati—I think that the good president would have the privilege, if he had a poor secretary, of getting rid of him because he is under the president's direction. If you put a dead one in for president, he is there to stay for the length of his term, so I would say that the good president is really more important than a good secretary because we can change during the administration.

D. W. CAULEY, Cleveland—A house divided against itself cannot stand. I believe that there must be closer cooperation between both officers, both the president and secretary, in order to achieve success.

A. C. ELLIS, Pittsburgh—That is not the question. The question is which is the worse of the two. I think that a good president would not have a poor secretary.

SECRETARY TREGOE—Well, Mr. Cree, answer this question: Is it important that a local association, in order to do its best work, should have a capable secretary?

MR. CREE—Absolutely. I would like to say just one word more. We have been having a canvass down in Pittsburgh for members. I worked on a membership committee a good many years ago and the present committee tried to get me to go out and get some new members. I sat back and thought, "What can I say to the men whom I go to see about the benefits of the association? What is the association going to do for that one man?" And it seemed to me that this new group conference proposition was going to solve that problem very largely because we can go to a man in the shoe business and say, "Here are fifteen other shoe men who will meet with you once a month." We can say to the furniture man, "Here are ten or fifteen men who are interested in the same problems; now we are going to devise a little conference for you once a week or once a month or once in three months for the discussion of your own problems. It is up to you, then, to get something out of the association. The association as a whole is doing a great work. We have fifteen or twenty committees which are considering certain problems, but you are interested in what you personally are going to get out of it. Now you come into this group and get it out."

SECRETARY TREGOE—That was fine, Mr. Cree. Let me say that the capable secretary won't have a poor president.

I want to punctuate the capable secretary. To my mind he is the one desirable and important thing in our work. I have never yet understood how it was that I could send a letter from the National office to the 127 secretaries of this country and fail to get satisfactory responses. I cannot, even after persistent efforts, receive answers from more than 70 per cent. of them. In seven years and a half we have never had a reply from all the secretaries to any one communication that went from the National office.

C. D. MIXTER, Worcester—How many associations over the country have paid secretaries? It is a hard job to get a man to be secretary who is not getting money for it, a man who will answer all communications. He has other work to do; he tries to do all he can, but when he is not getting a cent for it and is simply doing it for the love of credit work, it is a hard job to get a man who will take care of all those details. We have not a paid secretary to-day, but we will elect one in June because we cannot find one of our members on whom we can force the job. If we get a paid secretary, he has the time to answer letters.

D. W. CAULEY, Cleveland—I want to go on record before this convention and state that as far as Cleveland is concerned, we receive the heartiest cooperation that any association could receive from the National office. I have been the secretary of the Cleveland association for the past three years and I have yet to find one inquiry sent to the National office that was not answered and answered promptly, and it has been remarked in the Cleveland association many a time in the board of trustees meetings the wonderful way the National Association has supported our correspondence, or replied to it, in every particular. I think that it is high time that more organizations throughout the country cooperated with the National

Association of Credit Men to a greater degree and gave it an opportunity of presenting to them the wonderful things that they have developed as a national organization, thereby enriching the local association.

SECRETARY TREGOE—You see, Mr. Cree, my stock is going up. That is a good idea to bring up the matter of answering letters. No letter has come under my observation in seven and a half years which required an answer that was not answered. I appeal to the jury that if I have any fault at all, it is writing too many letters instead of writing too few letters.

H. G. CLARK, Syracuse—There is one case of failure to answer letters chargeable against the National office. A case in which I was unable to obtain replies over a long period.

SECRETARY TREGOE—Mr. Clark, you know we have a way down in the office when we receive an inquiry as regards a certain letter, we look around the office and then write that member and say that we have a Postmaster-General down in Washington by the name of Mr. Burleson, and we accordingly just pass the buck because I never in all of my experiences knew of so many mislaid letters, letters which never reached their destination, as have happened in the last twelve and fourteen months. But that does not come in at all.

The point is that the capable secretary is the force for building up a large, effective and influential organization, and yet there must be that cooperation between the officers in order to get out the best.

Now, Mr. Cree, this is my last question, because we must pass on: do you believe it is proper for a member of an association to accept a position on one of its committees and then pay no attention to the duties of his office?

MR. CREE—It depends upon the urging of the president as to whether he puts a man on the committee or not. Often the president will appoint a full committee, though he knows that some of the men will not do any work.

SECRETARY TREGOE—The president puts men on the committee expecting that they will not work?

MR. CREE—It has been done.

SECRETARY TREGOE—Is that a good policy?

MR. CREE—It is not. Then there is many a man who has been put on a committee against his wish and who has become a good worker afterward.

SECRETARY TREGOE—In your opinion, is there a certain power in organization work?

MR. CREE—Great power.

SECRETARY TREGOE—But the power is only in proportion to the manner in which its functions are performed and therefore in our own organization, with the increase of efficiency in the local work, there will be a reflected efficiency in the national work.

Mr. CREE—That is true.

SECRETARY TREGOE—I have 127 children now, Mr. Cree, and some of them are very sick. One of the interesting problems of the National office is to see the sick children. Let me tell you something that happened, Mr. Cree, in the little city of Parkersburg, W. Va. We had an association of thirty-one members. There had been thirty-one members for two years. Parkersburg-Marietta was the name of the association. They never held meetings, always paid their dues on the basis of thirty-one members. I went there last March just to look in. We had a meeting of about fifty men, and with me were two members of the Central West Virginia association from Clarksburg. After the meeting we went to the hotel and these two Clarksburg men began to twit the Parkersburg men, and the Parkersburg men began to get excited and hot over it, and immediately a wager of a hat was made that the Parkersburg-Marietta association would double its membership before May 31. What do you think happened? Parkersburg-Marietta association closed its membership on May 31 with a total of 108 members. You know I felt so good about it that I offered to pay for the hat, but the Clarksburg men said it was too good and that they were willing to bear the cost themselves. I don't know whether we got very much out of that but I hope we did.

Mr. Cree, that was a good paper and let's express our appreciation to you.

R. A. SPICER, Memphis—You made such a good record on that visit, Mr. Secretary, that I want to make a special request for the southern district that you make the same kind of a visit to Little Rock.

SECRETARY TREGOE—When I went to Little Rock and looked around I remembered a little experience I had in Lynchburg with an old man who was showing me around the city. We went into a Presbyterian Sunday School and when we got to the door he put his hands on me and said, "We are in the presence of the dead." That is just the way I felt about Little Rock. I never saw anything like it in my life. We had made three attempts to organize an association in Little Rock. When we left it was organized, but by the time we reached the National office it was disorganized, but we hope to accomplish it yet.

AMENDMENTS TO CONSTITUTION AND BY-LAWS

Now just for a minute, there are two amendments to the By-Laws that I want to ask your approval of: The first is, will you permit us to change the title of our committee called the "Committee on Credit Department Methods" to the "Committee on Business Service?" All who agree to that will say "aye."

The meeting voted to make the change.

SECRETARY TREGOE—The title of Business Service will better designate the real function of that committee.

Will you permit us, beginning with July 1, to charge our individual members \$15 per annum, instead of \$10 and of the \$15 set \$5 aside for the prosecution fund?

It was unanimously carried.

Making these convention programs is one of the most difficult and serious pieces of work that I have to do. The entire arranging of the program, securing the large number of speakers, getting the program balanced, devolves upon me and it is a very delicate piece of work, and I want you to help me to-night by telling me very candidly and out of your heart just two or three things. First, do you like the reading of the resolutions alone, instead of reading the report?

There was an emphatic "yes" from the audience.

F. O. DEMMLER, Pittsburgh—I like the idea but I believe it would be well to have the report the day before so we could read the report before we act on the resolutions.

MR. CREE—I might say that the Pittsburgh delegation has been meeting each morning at half-past eight with the understanding that we would take up for the day the resolutions that were coming up and if we had had the resolutions beforehand we could have given them better consideration.

SECRETARY TREGOE—We sent copies of the reports to all of the local associations. They went out before the first of June so that you would have copies and the opportunity to read them together with the resolutions while you were traveling to the convention city, but I like that suggestion, Mr. Demmler, and we will tuck that away and see if we cannot introduce it.

This year we will have twelve speakers instead of about eighteen, as we had last year. Do you like the smaller number of speakers or the larger number of speakers? Do you like the speakers up to the present time?

There was a loud "fine" from the audience.

SECRETARY TREGOE—You would rather have twelve carefully selected speakers than eighteen, by that I do not include the men in our own ranks.

"There was a loud "yes" from the audience.

SECRETARY TREGOE—Do you like the conference subjects?

AUDIENCE—Very much.

SECRETARY TREGOE—Do you want conference subjects next year?

F. O. HARRIS, Oklahoma City—One of the biggest industries in the country is the carpet industry. That was not included in the conferences.

D. W. CAULEY, Cleveland—I think it is a splendid idea to devote as much time as possible to a discussion of the various subjects, as it brings out a lot of good thought and is an education and inspiration to the men who attend to carry them back to their own associations and put them into effect.

T. E. ARNHOLD, St. Joseph—If I were going to offer a suggestion for a program in this particular connection, I would like to see the conference subjects increased in number, even if it were

necessary to have one address in the morning and one in the afternoon.

J. CADDEN, Terre Haute—I will say that I never have attended a convention of any kind where I enjoyed and profited so much as at this one, especially the addresses. If your secretary made those selections, he certainly made good ones, but I believe as does the previous speaker, the more conference subjects the more interest there will be for the individual members and the more discussions the more interest. Yet I am not ready to say that we should reduce the number of these addresses, especially if they are as good next year as they have been this year.

Adjournment.

MORNING SESSION

Fourth Day, Friday, June 13, 1919

President McComas called the session of Friday morning to order at 9:30 o'clock.

The invocation was pronounced by Rabbi Leo M. Franklin of Detroit.

PRESIDENT MCCOMAS—We will now listen to the reading of the report and resolutions of the Committee on Credit Department Methods by H. Uehlinger, the chairman.

REPORT OF COMMITTEE ON CREDIT DEPARTMENT
METHODS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your committee, known officially as the Committee on Credit Department Methods, has assumed for itself this year the title of "Business Service," for the reason that its entire program and unreserved efforts were directed toward service rather than the development of methods for credit departments.

One of the chief defects of our commercial system which has caused, perhaps, more fatalities and greater losses in the field of merchandising than any of the other recognized defects, is the number of enterprises operating without books of account even of a simple type. Analyzing the annual bad-debt loss of the nation, it is found that at least three-fourths of the failures, in number, are of enterprises operating on less than \$5,000 capital and that a large proportion of the failures within this class results from the absence of any compass that might tell in what direction the enterprise is heading.

Former committees, one especially under the chairmanship of the late Chas. F. Hoerr of Chicago, have made careful studies of this condition through questionnaires widely circulated, but no attempt was ever made by the National Association of Credit Men through any of its committees to correct this defect by providing a reasonable remedy until the Internal Revenue Department discovered the number of instances where merchants were unable to make accurate returns under revenue laws, and made an appeal for the assistance of our organization in providing a remedy for the defect.

Some merchants may be shrewd enough to manipulate and administer a business enterprise without any accountancy system whatsoever and make a financial success of it, but in the judgment of your committee it is as unsafe for a business enterprise to be without a compass in the way of a simple accountancy system that will reveal the direction of its movements as for a ship to sail the seas without a compass. The heterogeneous character of our commercial fabric resulting largely from the number of foreign-born who have taken up trades for a livelihood and settled largely in the

rural districts of the nation, especially in the middle west, makes difficult the rapid advancement of any plans looking toward the installing of a simple accountancy system into every business enterprise.

Your committee does not believe it is reasonable to suppose that this desirable end will be reached until certain laws or regulations shall differentiate in the treatment of business enterprises between those which are operated with books of account and those which are not. Failure to keep books of account carries serious penalties in some of the continental commercial countries, depriving the merchants so operating of certain legal privileges, but in our country, with its freedom of atmosphere and its equality generally between citizens, serious difficulties and objections are presented whenever anything is contemplated or recommended beyond educational efforts that would make a legal difference between enterprises operating and not operating with books of account.

Reluctant to offer any suggestions upon this phase of the subject and recognizing that the educational process is extremely slow, your committee accepted the responsibility of going into the matter with great thoroughness and dedicating its best powers for the offering of some principles of accountancy that could be understood and appropriated by the merchant, native and foreign-born, who but possessed abilities to read the English language and to understand the very simplest statement. Without giving in detail the process of your committee in evolving the principles of a simple accountancy system, it may interest you to know that great care and thought were exercised, and within the period of a few months there resulted a combination of statements and principles that were published under the title of "A Business Enterprise," which your committee has no hesitation in dignifying as a practical piece of work—exceedingly clear and simple in its statements, guaranteeing to any merchant applying the principles an accountancy system of accuracy such as will tell without the least question in what direction his enterprise is heading and what profits he is making annually, semi-annually, or at shorter intervals.

When the committee had enunciated these principles they were cleared by a board of experts, and at the time this report was written a large number of copies of "A Business Enterprise" had been ordered of and supplied by the National office. Coincident with the building of a "Business Enterprise" and recognizing that even principles advocated for a simple accountancy system could not be appropriated by every merchant, a department of "Business Service" was opened in the National office under the direction of your committee, with the purpose of obtaining volunteers from the credit fraternity who were willing to assist merchants needing help in installing of accountancy systems according to the principles advocated in the "Business Enterprise," and to act generally as big brothers to the traders who but recognized the need of advice and were willing to ask for it.

Probably no department organized in the National office since the Association's inception is more significant than this in fulfilling many ideas expressed at meetings of local associations of credit men and the National Association, and the possible realiza-

tion of ambitions which close students of credit problems have had. For the success of the "Business Enterprise" booklet and the "Business Service Department" resting entirely upon the educational program and such cooperation and assistance as the Internal Revenue Department may be pleased to give, it will be incumbent upon the succeeding committee and the officers and directors of the Association to give every encouragement, moral and financial, to the development and wide use of this service. But for fear of seeming exaggeration we would have spoken of this subject with greater emphasis than we have in this report.

An amendment to the constitution and by-laws of the National Association of Credit Men was advocated by your committee, transferring certain functions of the Credit Department Methods Committee to the National Committee on Credit Cooperation and substituting the title "Business Service" for Credit Department Methods for succeeding committees. Local associations of credit men should be urged earnestly to organize "Business Service" committees to cooperate with the National committee and to go very earnestly at the task of overcoming the glaring defects in our commercial system as they may relate, especially, to the absence of books of account and other features where skill can be applied.

Touching incidentally upon other matters falling within the domains of the Credit Department Methods Committee, we would emphasize the need of an earnest effort to remove trade abuses such as the unjust taking of cash discounts, failing to allow interest on overdue accounts, returning merchandise without justification or permission, etc. The correction of these abuses rests largely with credit grantors who, should they show a determined front and an unwillingness to deviate from rightful positions, could very quickly remove these abuses.

With the new era of business, nothing appears to your committee of greater importance than strict fairness between debtor and creditor in the credit relation, that nothing should be asked or given that does not conform with right and justice.

Your committee also feels strongly that the secret assignment of accounts receivable for borrowing purposes constitutes a menace in our body commercial, and that something should be done to regulate the practice, by introducing the quality of publicity just as publicity is had in transfers of liens upon property, personal and real.

At the conclusion of this report, your committee begs to offer the following resolutions:

I

Resolved, that the National Association of Credit Men, in convention assembled, recognizes that the committee has offered something of great value to the commerce of the nation in having produced and presented certain principles of a simple accountancy system under the title "A Business Enterprise," and the support of this convention is pledged for a wide application of these principles to the curing of a glaring and expensive defect in the merchandising field.

II

Resolved, that the National Association of Credit Men approves the organization of a "Department of Business Service" in the National office for the purpose of seeking volunteers from the credit fraternity to assist in installing the simple accountancy principles presented in "A Business Enterprise" wherever the assistance is asked by merchants, and to serve with advice and cooperation wherever service in credit matters is asked and will be accepted.

III

Resolved, that local associations of credit men be earnestly urged to organize committees on "Business Service" to cooperate with the National committee, and assist in a wider application of the service provided in "A Business Enterprise" and the Business Service Department.

IV

Resolved, that the grantors and the receivers of credit, recognizing the obligation resting upon them in this new era of business, and to preserve justice and right in their relations with one another, be urged neither to give nor to receive any concession, or arbitrarily demand such concessions as violate the contract of purchase and make what is recognized generally as a trade abuse, as, for instance, the giving and taking of the unearned cash discount, the failure to charge or pay interest on past-due accounts, the return of merchandise without justification or permission, and such other similar features entering into the relations of seller and buyer of mercantile commodities.

V

Resolved, that the National Association of Credit Men reaffirms its former attitude and position toward the pledging and assigning of accounts receivable for borrowing purposes without notification of any character. It firmly believes that it is not just for creditors generally to be discriminated against when such secret assignment or pledge occurs; therefore advocates some regulation or statute that would require recordation or other character of notice to provide the protection and openness that controls, usually, in the placing of a lien in the transfer of other forms of business and personal properties.

Respectfully submitted,

H. UEHLINGER, Chairman, Hilo Varnish Company, Brooklyn, N. Y.

VICE-CHAIRMEN

- L. M. ALLEN, Bridgeport Brass Works, Bridgeport, Conn.
- H. M. HILES, Beaver Company, Buffalo, N. Y.
- W. G. JARVIS, Baugh & Sons Co., Norfolk, Va.
- W. FROST BROWN, Brown Milling & Produce Co., Charleston, W. Va.
- D. F. STEARNS, Rockford Wholesale Grocery Co., Rockford, Ill.

- H. D. HOWARD, Massey Iron Co., Wichita, Kansas.
T. M. NESBITT, Moore & Handley Hardware Co., Birmingham, Ala.
R. P. ROBINSON, Groneweg & Schoentgen Co., Council Bluffs, Iowa.
M. C. HENDERSON, Montana Oil Co., Helena, Mont.
J. C. BOOTH, Fairbanks, Morse & Co., Portland, Ore.
O. D. KAY, General Fireproofing Co., Youngstown, Ohio.

MR. UEHLINGER—I submit this report and move the adoption of the report and the resolutions.

PRESIDENT MCCOMAS—You have heard the reading of the resolutions; you have the report before you; the reader moves the adoption of the resolutions and the report. Is it your desire to vote on these resolutions separately? We have plenty of time this morning and we would be glad to hear from you, and if there is anything about this report that you do not understand or any of the resolutions that you desire to have discussed particularly, do not hesitate.

The motion made by Mr. Uehlinger, that the report and resolutions in their entirety be accepted was seconded. The motion was carried unanimously.

PRESIDENT MCCOMAS—The report is carried, but we will be happy to hear from some of you on the subject matter of this report.

J. CADDEN, Terre Haute—I would like to draw your attention to the fourth resolution. I only wish credit men would go away this morning carrying a little bit of nerve to enforce that resolution. A few weeks ago I had a case where I collected the entire amount of an account without a discount and I got the interest. I told my customer I was going to sue him if he did not pay every cent, and I believe if you go away from here with the intention of getting what is rightly yours it is best. You are imposed upon every day—not by all, but by a good many. I find it ever so often. Of course I often follow instructions and do not collect the interest or the discount, because of fear that something may happen and I fail to collect the amount as a whole. Then my house would blame me. One thing is certain, whenever you have a little backbone and tell a man, "See here, that is not going to be done; you come through," ninety-nine times out of a hundred he comes through. From today on, collect the interest and do not allow the discount when it is overdue. You make better customers if you do that.

FRANK SEED, San Francisco—This whole subject is so interesting that it well deserves a few minutes of our time. I want to read one paragraph: "One of the chief defects of our commercial system which has caused perhaps more fatalities and greater losses in the field of merchandising than any of the other recognized defects is the number of enterprises operating without books of account, even of a simple type." A little further along we come to the interesting statement that the Internal Revenue Department has discovered a number of cases where merchants were unable to make

accurate returns under revenue laws. In other words, Uncle Sam wanted more money. "He has made an appeal for the assistance of our organization in providing a remedy for the defect."

Now, the report goes on to discuss the advisability or the possibility of federal legislation in this regard. The committee has evidently, however, come to the conclusion that the best that can be done at this time is to institute, as you would gather from the reading of the resolution, a "Department of Business Service," but this department, as I understand it, relies entirely on voluntary work upon the part of members of the Association.

I think it is the experience of credit men—it certainly is the experience of bank credit men that they are doing this kind of work all the time. It is not anything new with them. They are helping every day along this line. I submit that it is a matter of very great interest to you now. I do not wish to be understood as a proponent of the idea that we ask for federal legislation in the direction of enforcing the keeping of books of account generally, but I do think it is a matter which succeeding committees should take up, or possibly the matter might be here discussed for a few moments.

A. SEIDENSPINNER, Sheboygan—I am particularly interested, as perhaps many of you here know, in the cash discount abuse. I have been watching it closely for a number of years and it is gratifying to know that a good many trade organizations—our organization here and others—have been hammering at the abuse of trade terms strongly. I would like to ask the question now of the members: How many find in the last year that there has been an improvement along that line? In other words, that terms are more closely lived up to than they have been?

THOMAS L. PHILPOTT, Cleveland—We have noticed a marked improvement, very marked, in fact.

E. PEARSON Kansas City—I would like to know how you handle checks that come in where the discount has been taken off after the discount date has passed?

AUDIENCE—Send them back.

R. A. SPICER, Memphis—The best way to handle a matter of that sort is to send the check back.

S. W. LEAVER, Salt Lake City—It depends entirely on how long past due it is. If it is near the maturity date, keep the check and ask for the discount, for otherwise the customer will take another sixty days and then send it.

L. M. CREIGHTON, Philadelphia—I would like to refer particularly to that paragraph which specifies the pledging and assigning of accounts. I want to refer back to that from my own experience. For some years I was a reporter on the street for Bradstreet's, and in that capacity I ran into quite a few cases where merchants inadvertently, or otherwise, did not specify clearly all their liabilities. They seemed to have a habit of forgetting something. Now, whether it was intentional or otherwise, is hard to say, but the main trouble we reporters in those days had was to locate those pocket liabilities.

Now, it is vital that the man on the street who reports for

Bradstret's or Dun's realizes that he is reporting not for himself, not for the agency, but for you men individually, and if he will get that inculcated into his system, I am sure that not only you will be benefited but the ratings as well.

There was a house in Philadelphia which had been engaged in business for some forty years during all of which time it bore a good reputation. Eventually it got "slow, slower, slowest," and when the creditors looked around for the assets it was found that they had been assigned to a company of Baltimore, which loaned on accounts receivable security.

PRESIDENT MCCOMAS—We shall now take a vote on the question whether conditions are better regarding the taking of unearned discounts now than formerly.

The vote showed that the majority of the convention thought that conditions were improving.

PRESIDENT MCCOMAS—We have with us to-day a distinguished citizen of one of the most distinguished cities in the United States—I refer to T. U. Higinbotham of Detroit.

MR. HIGINBOTHAM—Detroit has enjoyed this convention fully as much as any one who has come from the outside, due to the character and behavior of our guests. You have entertained all sorts of people in your homes and you know how much easier some folks are to entertain than others. Some people take care of themselves and give you a good time when they visit you. That is exactly what you men and women have done in Detroit. With some people you have to get the Victrola and the family album out the first half-hour. You furnished your own music and helped us with our efforts to amuse you. You know what Abe Martin says about the Victrola, "The Victrola has one big advantage over the family album; it is much easier to play and it leaves the lap unoccupied."

I want to say personally that I have formed some delightful acquaintances—I have formed new ones at every session. It has usually been the man in the next seat to me. I have been like the little girl whose mother asked her what she liked most at school, after she had been going for two weeks, and she said, "Thet little boy who sits next to me." The mother said, "What is his name?" She said, "It isn't all the same little boy."

I think the result of these credit men's conventions has been entirely to do away with types. I don't think that any one could find anything of the conservative, ice-bound New Englander in the member from Rhode Island who delivered the address yesterday, while there is nothing of the alleged sleepy southerner in the man who conducted the quiz. The time has gone by—and remember, in saying this, I am the son of a Virginian—the time has gone by when that was a good joke, the one, I mean, on the little girl in the Tennessee mountains who said she was "most growed," before she "knowed that 'damned Yankee' was two words."

Now, I want you to see who really did the work in connection with your entertainment. Is Mr. Windisch here? He conducted the president's reception. If he is not here, he is out somewhere working hard for the convention. Mr. Faurote got up the boat trip

—the one that left at 6:30. Mr. Hager conducted the opening meeting at the Washington Theatre and has been responsible for most of the excellent conduct and the seating arrangements at this hall. Incidentally Mr. Hager ran his car into a ditch Wednesday, with a load of lady guests, but I told him that nobody could be expected to make as many brakes as he did and have them all work. Mr. Miller is responsible for the largest triumph of all, the smoker which will be pulled off to-night. This smoker is going to have some remarkable and unique features and I hope nobody will miss the smoker.

I want to express the sincere appreciation of Detroit's loyal association over the way you good people have accepted our efforts to take care of you.

SECRETARY TREGOE—I have a telegram which will be a source of great disappointment to us, but I feared it would come under existing conditions. It reads:

"To my intense disappointment I find it impossible to fulfill my engagement to speak briefly before the annual convention of the National Association of Credit Men on next Friday. Congress is in extraordinary session, dealing every day, almost hourly, with Treasury problems and I must remain here. Besides this, the Governors of the Federal Reserve Banks meet here to-morrow for urgent conference with me on extremely important matters. Convey to the Association an expression of my deep personal regret and the appreciation of the Treasury for the splendid assistance given it by the Association members individually and collectively Carter Glass."

PRESIDENT MCOMAS—We are sorry indeed that Carter Glass could not be with us to-day. At this time I wish to introduce a gentleman who has probably caused more trouble than any other individual in the United States. You who travel a great deal, who go all over the United States, have seen here and there and everywhere the Ford car. You have wondered how these cars could be distributed at every quarter of the globe, out on the desert—when we ride for miles and miles out in Arizona and Colorado we can look out the window and away in the distance we see coming along a dusty road a Ford car. This is a wonderful achievement the way these cars have been distributed. It is a marvel of the age, and the man who is responsible for this wonderful distribution of merchandise is here and will speak to you. I take great pleasure in introducing to you at this time Norval A. Hawkins, who will speak to you upon the "Credit-Salesman."

THE CREDIT-SALESMAN

Address by NORVAL A. HAWKINS, Detroit, Mich.

Mr. President, Ladies and Gentlemen of the National Association of Credit Men:

When I was asked by Secretary Montgomery to make this talk, I first thought I might talk on Ford cars, but having severed my connection with Mr. Ford on the first of last January I had nothing to sell you, so I thought I would talk on the subject of the Credit-Salesman, a hyphenated word, if you please. In the preparation

of this talk I want to say that John Ballantine, formerly general manager of the Wilbur Mercantile Agency of Detroit, later associated with the old Detroit National Bank and now the president of the Merchants National Bank, gave me quite a few ideas on credit from the selling standpoint.

"Conceal yoursel' as well's ye can
Frae critical dissection;
But keek thro' ev'ry other man
Wi' sharpen'd, sly inspection."

In his "Epistle to a Young Friend" shrewd Robert Burns gave that canny counsel which has served as a motto for the typical credit man ever since. In nearly all business until very recently, and in most businesses even now, the especial function of the credit man has been to "keek (or peep) thro' ev'ry other man wi' sharpen'd, sly inspection." As a natural reaction the average credit man "conceals himsel' as well's he can frae critical dissection." For illustration, I think I may safely assume that no one in this audience has come here to offer himself as a subject for vivisection at a credit men's clinic. It is natural to shrink from criticism, *of ourselves*. On the other hand the credit man habitually takes a critical attitude—almost a suspicious attitude—when he exercises his functions in studying a stranger. I have no doubt that practically all of you have come to this convention with the principal purpose of being "sharpen'd" to a keener ability to "keek thro' ev'ry man." The main object of your Association, as I understand it, is cooperation through the interchange of information so that credit losses may be reduced to the minimum for each and all of you. The subjects discussed at meetings of credit men, like this, suggest that you are apt to think usually of "Safety First."

But the war has made it necessary to change our habits of thought in business. We have witnessed stupendous expansions of credit in the last five years. Narrow, individual views have had to be broadened to comprehension that men and businesses and nations cannot be independent but are of necessity interdependent. The financial structure of the world would crush to ruin now if the United States were to assume the attitude of absolute independence because of our immense national wealth, and if we were to enforce the credit rules of "Safety First" that ordinarily have governed credit men in the past.

Credit has been the axis around which the whole world has revolved since war in Europe began. Consequently, we have developed in America some pretty big credit men in the course of the last five years. Our greatest credit men have grown big, however, in other respects than capacity to deal in billions. They have new, bigger ideas of the function of credit and of the responsibilities and opportunities of the credit man's job.

I want to concentrate your attention for a little while on one of these new phases of credit and the credit man. My subject is different from the titles of addresses ordinarily given to associations of credit men. I am desirous of emphasizing your *dual* function in business. I speak of you and to you, not as credit men alone, but as "Credit-Salesmen."

I hope you will not regard my subject as foreign to your particular interest. The average credit man is inclined to consider his department as separate and distinct from the sales department. Often there is sharp antagonism between the credit man and the salesman. I have linked you with the salesman, and my purpose is to impress on you that yours is a dual job; that you should devote as much of your interest to increasing the profits of the business through your salesmanship in the credit department as you customarily have given to saving the business from losses through poor credits.

It is not my intention to *over-emphasize* the superlative importance of salesmanship to business; yet I shall challenge a possible difference of opinion by asserting frankly that the functions performed by the salesman are more vitally important to industry than are the functions of the credit man. I do not mean, however, to depreciate the value of the credit man in business. I know that you are necessary to protect the success of any industrial enterprise that is not operated on a cash basis. What I want to impress on you is that you can make yourselves even more valuable to business than is the salesman if, while performing your own distinct functions, you also employ a high degree of selling skill in your every day work instead of confining yourselves exclusively to matters of credit.

You will grant, I am sure, that without salesmen there would be few jobs for credit men. I might almost say that without *poor* salesmen there would be only poor jobs for credit men. That is, if every salesman were also an efficient credit man—as he should be—there would not be enough additional work to entitle you to draw your present salaries.

There is no immediate danger that all salesmen will become good credit men; so none of you should be apprehensive about losing your jobs because you soon may not be needed. You always will be needed, but business nowadays needs more from you than the efficient performance of your functions as money savers. You are required to be money *makers* as well, and if you fit yourselves for that additional function, you may feel assured of making much more money for yourselves in your dual capacity than you ever could hope to earn as credit men alone.

Since your jobs depend on sales, you certainly should know all you possibly can learn about selling, where your salaries originate. I believe in going back to fundamentals and first causes. I want to make you more appreciative of the significance of salesmanship *to you*. Civilization itself began with the first sale. Credit is a development of the original sales transaction or barter in which the pre-historic first business man sold to another man of his primitive age a piece of meat, perhaps, for a cocoanut. Before that original transaction of salesmanship, men were on a level with the beasts in their relations with one another. Gradually they realized the mutual benefits of exchanging their possessions for things they lacked. In the course of time they learned to trust one another for future deliveries. Maybe the first credit was for just a few seconds, while one party to a sale permitted the other man to take a piece of meat to a nearby cave, and to bring back a cocoanut. You know that the sale, whatever it was, preceded the granting of the credit.

Originally the credit man was also the salesman. But in the course of time the credit-salesman was divided into two different individualities, which gradually separated in viewpoint until we have had the entirely unnatural development of opposition in ideas—the credit man looking at a business transaction from the "Safety First" angle, and the salesman optimistically willing to take some chances in order to close orders. I do not wish to take you back in thought to primitive civilization and to suggest your return to the first stages of man's evolution from savagery. I just want to remind you that your ancestor, the first credit man, was the same as my progenitor, the original salesman. They were identical in their interest and we have developed unnaturally if we have become in any degree antagonistic to each other. Our interests are the same, not different. We should recognize that ours is really a dual personality. All of us to-day should be credit-salesmen or sales-credit men, brothers in business interest—not one or the other alone, and strangers or enemies to each other. The sole difference in our functions, yours as credit men primarily and mine as a salesman primarily, is in the arrangement of the elements of our work before or after the hyphen that joins our interest.

The other day I read in a full-page advertisement in a Detroit newspaper what struck me as the best definition of "Credit" I ever had read. "The faith man has in the integrity of his fellow-man." Not only was I impressed by the definition of credit, but by the fact that the faith man has in the integrity of his fellow man is the principal characteristic of the *salesman*. Indeed, it is that characteristic of the salesman which the credit man has been most inclined to criticise. Yet here I found an advertisement, published by credit men, which defined credit in the exact terms of *salesmanship*.

That seems very significant to me. It indicates a new, broad comprehension of your function that bridges the chasm which has separated your viewpoint from the attitude of the salesman. It is a most encouraging sign that you are developing into credit-salesmen and not growing more lopsided as credit men merely, which has been the tendency for years of specialization. You realize to-day that the foundation of credit is not a tabulation of assets in excess of liabilities, not just a matter of dollars and cents, but the sound basis of integrity in which you have faith. So you, like the salesman, have become believers in your fellowman, primarily. No longer, I hope, do you regard it as your *sole* business to "keek thro' ev'ry other man wi' sharpen'd, sly inspection." *Before long, I believe, the really good credit man and the really good salesman will look alike at a particular order, as cooperators in selling and in credit.* The salesman will not take an order without justified faith in the integrity of the customer's intention and ability to pay; and the credit man will not hesitate to take the risk of making collection from a buyer who has been sold on the basis of such justified faith as constitutes the fundamental element of credit.

I am sufficiently optimistic to expect that the credit man and the salesman soon will get together as the credit-salesman; because I know that both are studying fundamentals. Their interests are identical and their work should be reciprocal. I drive that idea home

whenever I refer to credit in talking or writing to a salesman. I want to impress the same thought on you to-day.

During the last twelve years, or since I became the General Sales Manager of the Ford Motor Company, I have had exceptional opportunities to collect knowledge of selling methods and experiences. In 1917 I directed the distribution of over eight hundred thousand automobiles. That was one hundred thirty-two times the volume of business the Ford Motor Company did ten years before. Naturally, while we were multiplying our sales so stupendously during that decade of unprecedented growth, I was able to pick up a considerable number of ideas about how to sell.

If my personal record as a sales executive entitles me to be rated as successful, only a small part of my own success has been due to my individual selling. I attribute a very large part of Ford's success in distributing nearly a million cars in one year to the cooperation in our selling plans of the countless thousands of people who ordinarily would not be considered as salesmen at all, but whose salesmanship work aided tremendously in filling our sales quota.

All through any business organization should be developed the esprit de corps of salesmanship. You should appreciate your opportunity and responsibility in building business as auxiliaries of the sales departments of the companies or firms with which you are associated; though your official title may be only "Credit Manager." Realize that you are more than that. You have the power to open up channels of business in every credit transaction. Too many credit men act as dams instead, and consequently are damned by the sales organization.

Times without number I have been asked, "What is the secret of success in selling?" A good many people have seemed to regard the successful result of Ford sales campaigns as miracles. There was nothing miraculous about any of the selling processes we used. Neither did we employ any secret formula of salesmanship to accomplish what we set out to do. We worked simply to impress on *everybody* even remotely connected or associated with the business the fact that primarily he was to consider himself as a salesman of the product. Then, when we got that idea into the head of an individual, *whatever* his job, we showed him *HOW* he could and should help in selling. I had two functions to perform as the sales executive of the business—getting the right *ideas* of selling into the heads of all the individuals who possibly might help to distribute the product, and getting the right selling *action* out of those individuals. The result of *universal* cooperation in sales-making was the accomplished so-called miracle.

Now I am not assuming the authority of General Sales Manager of the National Association of Credit Men. It is not my function to get action on the selling ideas I have brought here to-day to introduce into your minds. My present business is just to get the ideas inside your heads. Getting action on the ideas is *your* job, as an association and as individuals. I only can show you from experience a few of your opportunity-duties as credit-salesmen. You must be your own sales directors. I shall have wasted my time and yours if you merely listen and comprehend. Unless expression

by you of these ideas follows the impression I make on you with them, my salesmanship from this platform will be utterly futile.

The credit department of a business, as usually conducted, is properly classed as an expense. It is regarded as part of the overhead load that business operations have to carry when bringing home the profits. Ordinarily your proportion of the total overhead load is not heavy. The credit department serves as wrapping paper and string tied about the profits to prevent losses, without adding appreciably to the expense weight. But sometimes red tape is substituted for twine, and the ends get tangled about the selling feet that are carrying the business forward toward dividends. Consequently it happens once in a while that the credit department trips up a profitable transaction and spills the beans.

I hardly need to remind you of the common opinion of the sales department regarding the credit man. Whenever you feel obliged to turn down an order that a salesman has sweat blood to land, he curses you with all the fervor of the salesman's religion, the first article of which is that there must be a hell because credit men are not fit to be anywhere else. And I have known of businesses in which the credit man reciprocated with heartiest profanity aimed at salesmen in general and in particular. That antagonism is all wrong, of course. But it will continue until both the salesman and the credit man learn their several functions are double and similar.

As I remarked a minute ago, the credit department is commonly and properly regarded as an expense. I have heard it called "a necessary evil of business." That opinion of your function, unless modified is a decided handicap to your personal success. The head of any business always is inclined to keep "expenses" down. You probably do not receive as large a salary as is paid appreciatively to the star salesman of your concern, principally because you are not looked upon as a profit-producer but just as a loss-reducer.

It is a phenomenon of psychology that human nature does not, despite the old proverb, consider "a penny saved the same as a penny earned." If you lose your purse and some one returns it to you with your hundred dollar pay envelope intact, you probably give the honest man ten dollars. Then you kick yourself afterward for being short ten dollars that week. But suppose some friend gives you a tip that a big factory is about to be erected on the outskirts of the city, and you buy a lot nearby that you sell at a profit of one hundred dollars as soon as the new project becomes generally known. Do you express your appreciation to your friend by handing him a miserable ten-dollar bill? No! If you are a simon-pure sport, you split your profit with him fifty-fifty.

The illustration fits the cases of the credit man and the salesman, as regarded by the head of the business. You save the boss from losing fifty thousand dollars a year on bad credits. He pays you maybe five thousand dollars and feels it is mighty fine salary for your work. But if a salesman brings in orders on which the profits amount to fifty thousand dollars net, the boss wouldn't have the nerve to pay him less than double what you receive.

Your work has exactly the same effect on the profit-and-loss balance as the work of the salesman, but you draw half his salary,

simply because business does not regard a penny saved the same as a penny earned—and never will.

I have not put this idea into your minds to make you envious of the salesman, or discontented with your jobs, or sore at the "old man" for not paying you more. My purpose is to make you *discontented* with yourselves for overlooking the selling opportunities you have in the credit department. I want you to be so thoroughly dissatisfied with your salaries as credit men that you will raise your own pay by becoming credit-salesmen. If you are going to feel sore at anybody, take it out on the fellow who has sat at your desk for years without realizing that he has had more selling chances every day than have come to any sales representative of the house. I hope that hereafter you will double your personal earnings by seizing the double possibilities of your job.

When salesmen get together, what are they inclined to boast about principally? Why, each takes pride in the big figures of his sales. Now, when you credit men swap experiences over the lunch-table, what do *you* brag about? The fellow who feels best entitled to stick out his chest is the one who can show the least losses, the smallest percentage charged off for bad accounts.

That spirit of friendly rivalry among credit men is a fine thing. It stimulates every individual. But when you set out to make a record of high efficiency, you are likely to make a mistake similar to that made by many salesmen who work to secure the biggest volume of orders. The salesman is apt to think of total figures. Sales managers, too, often are to blame for stressing the gross amount of business turned in. A salesman feels all swelled up when he can boast of selling a hundred thousand dollars' worth of goods to a customer, or of landing orders totaling half a million. But the "volume" salesman is inferior to the "profits" salesman. So, also, the credit man who can show the smallest percentage of losses from bad accounts may be the poorest kind of credit man for his house. If efficiency in the credit department were to be measured solely on the basis of losses prevented, the credit man who would give nobody credit would bat 1000!

The *extreme* cases in "volume" selling and in tight-fisted credits are rare. Unfortunately, however, just as the ordinary salesman is prone to cut prices in order to increase the volume of his sales, so is the ordinary credit man inclined against taking chances of having to show losses to the boss. The tendency of human nature in both cases reduces the possibilities of profit for the house.

Don't misunderstand me. I do not advocate *open-handed* credits, but I do most emphatically believe in *open-minded* credits.

I will illustrate what I mean by that. There is a certain credit man in Chicago, associated with one of the great packing companies, who has passed on billions of dollars in credits since he became the head of his department. He has made a remarkable record. His percentage of losses is the smallest conceivable fraction of the sales total. But this master credit man is *ashamed* of his almost spotless showing. This is what he said one day when he was complimented on his record:

"I'm not proud of that small total of losses. It indicates to me that all these years I have not been taking enough chances on credits.

I ought to have had more losses. My personal judgment is not infallible. That is not the reason we've had so few bad accounts. It's because in close cases I have decided too often not to assume the risk of being unable to collect.

"I should have leaned the other way. An honest buyer, even though he has insufficient capital to warrant the granting of credit on the ordinary basis of responsibility, can be so aided and managed in his financing by the credit man that there will be little likelihood of loss. Of course *some* losses will occur. But the amount of net loss from such cases will be more than wiped out by the increased profits to the business from sale in close cases that turn out all right and develop sound customers who never would forget the house that helped them get on their feet."

That is what I call open-minded credit. The man who feels that way about his record is really a great credit man. It is my personal opinion, too, that he has been open-minded right along; though he does think he should have taken more chances. I believe he really has leaned toward the selling viewpoint all the time. He has been an extraordinarily shrewd salesman of credit. That is why he has not been stung. It is not because he avoided all risks. He is not satisfied with his record because, being a good salesman, he always wants to do better.

Now, to emphasize the idea of open-minded credits, I will cite to you three examples of successful open-minded credit policies in banking, where one expects the strictest credit operations.

One of the most progressive bankers in St. Louis, Walker Hill, declares that "the best banker is liberal in tight times and tight in good times."

A Detroit bank that occupies a leading position amongst the financial institutions of this dynamic city is a bank that is reported to have had the most losses. They were "legitimate" losses of the best banking, and were offset many times over by increased profits from the open-minded credit policy of that successful bank.

A great trust company in Chicago has made a similar record of more than usual losses through liberal banking, counterbalanced, far more than counterbalanced, by extraordinary earnings from its policy of "Banking Service." I have not mentioned these institutions by name merely because the public is accustomed to think sound banking implies not merely "Safety First," but also last and all the time, with no chances taken.

I realize as well as you do that your chief is more apt to raise Cain over an increase in your loss-showing at the end of the year than he is to raise your salary for increasing the amount that has to be charged off for bad accounts. *You* may believe in open-minded credits, but you play safe to protect your job. With "Safety First" signs everywhere, it is natural that the average credit man should be disinclined to take unnecessary chances.

Ty Cobb is probably the highest salaried athlete in baseball. If he played safe, he'd be in some bush league, unknown to fame. When a curve comes over the corner of the plate, Ty does not assume that the umpire will favor the batter with the close decision and call it a ball. He pastes it on the nose. He is not timid about

it. He hits hard and long. He takes the chance that a fielder may make a catch and put him out.

Also Tyrus has a habit of stretching a single into a two-base hit; though he sometimes gets tagged when he slides into the sack. And I need not tell you that he is a holy terror at stealing bases. Of course he gets trapped occasionally, taking chances that way. But Ty Cobb tops all the fellows who play safety first, and the official scores prove he makes a better percentage than the players who take fewer risks, and he draws top pay.

Anticipate making more losses by putting salesmanship first when you decide on questions of credit. Resolve that you will make so much more for the house in profits from that policy that the losses will be wiped out several times. Your grand average of the close cases you handle as a credit-salesman will justify your new policy of being more than just a credit man. Take into consideration in advance the certainty that "the old man" will glare at every loss and will not notice the increased profits on the accounts you have to nurse. You will have to sell him on your new policy. One of your most important functions as a credit-salesman is selling the right conception of credit-salesmanship to the head of the business.

Now, the really first-class salesman does not rely on glittering generalities and his hypnotic powers to talk a prospect into a trance. He loads up with facts before he starts shooting salesmanship into anybody. He works with charts and figures, not with vague ideas and guesses. You cannot convince the boss that you are a good credit man by a long-winded rigmarole in explanation of the plain fact that the losses from bad accounts show an increase over the previous year. He will simply be convinced that you are an artful dodger if you come around with that sort of tale *after* the losses occur. You must proceed very differently to sell him belief in credit-salesmanship.

First prepare a system of records to cover all the close cases you handle—the instances where credit is granted which would be refused by the ordinary credit man. Do not list on this special record any "ringers," or cases where credit likely would have been granted anyhow. Be perfectly honest in making up the record. Include only the instances of credit granted principally for *salesmanship* reasons. Write out those reasons in brief, to show that you understand in advance the chances you intend to take in each case. Arrange a space on the record to set down the details of your nursing devoted to that particular account. You want "the old man" to comprehend that you have done a lot of sales and credit work after making your original decision to grant the credit.

When you have your new system all ready to explain, take your plan to the head of the business and tell him what your purpose doing. *Sell him the idea.* Tell him that you will make a distinction in your report at the end of the year between the showing on ordinary credit transactions and the showing on these special cases. If he has confidence in you as a credit man, you may be sure he will trust your judgment as a credit-salesman. Impress on him at the outset your expectation that you will make some bad accounts. Show him that if you did not lose in some cases, your record would

prove you had passed up a lot of possible profits from sales involving also the possibility of losses.

It never will be difficult to sell this idea to a good business man. You will secure a personal benefit from it at once, also. The boss will take especially keen interest in your work from that day on. He will not treat you as merely a cog in the business machinery. He will regard you less as an employee and more as a fellow business man. He will appreciate your worth because, perhaps for the first time, he will pay particular attention to what you are doing. The average good credit man is like the perfectly functioning cog in a machine; he attracts no attention until through his fault something goes wrong.

Once the head of the house is sold on your idea, he will continue interested in it and in you. You will be in the limelight; so you must be careful not to offend by seeming eagerness to have the calcium turned on you. Do not run to him with every demonstration of your salesmanship. It will be sufficient to take full advantage of the natural opportunities to impress on him what you are doing. But at the end of the year prepare a chart of the results of your credit-salesmanship. Show in actual figures the profit collected on sales made in the close cases where you leaned away from strict credit requirements and toward the selling viewpoint. Of course you should prepare your ordinary annual report on regular credit operations, but have also a separate report on the special cases of credit-salesmanship.

Do not merely hand in your reports to the head of the business. Arrange for time enough to sell him comprehension of what you have done. It will require a few minutes of explanation to make your reports perfectly clear. Then leave them with him. Be assured he will go through them thoroughly. And your showing will engender his respect for you and certainly will result in his rewarding you as a salesman, in addition to your salary as a credit man, the next year.

That, however, might be termed the spectacular side of credit-salesmanship. You can make such showings in only a comparatively small number of instances. You should not confine your credit-salesmanship to these cases. When you have sold your idea to the head of the business, preliminary to putting the new plan in to effect, make sure also that you sell it to every salesman representative of the house.

You will need to be extremely careful here that the salesman not only gets the idea you mean to *cooperate* with him in selling by your open-minded credit policy, but that he also gets the idea it is up to him to cooperate with you by being a credit man when he works to land an order. Get rid of the too common spirit of antagonism between the sales department and the credit department by proving that you want to work with, not against or regardless of the interests of the salesman. When he perceives that if he does not reciprocate he will discredit your open-minded policy, he will be unlikely thereafter to try to put anything over on you.

Use credit-salesmanship in every transaction you handle. Make occasions to cooperate with the selling department. Dovetail your information with that of the sales executive and his men. Salesmen

should be routed, directed, and kept continually posted regarding the customers carried in the credit files, with the aid and counsel of the credit-salesman. Very often the credit-salesman can select the best customer-prospects. His reports to the salesman in the field may be of the greatest value as selling guides. Yet how few credit departments systematically supply to the men in the selling field daily summaries of credit transactions in which the salesmen are vitally interested. Frequently, because of lack of teamwork between credit and sales departments, the salesman works his hardest to get an order from a buyer whom the credit man turns down.

Even with gilt-edge customers there are innumerable opportunities to employ salesmanship in credits. Selling, simply defined, is merely a process of getting ideas and emotions across to the other fellow with the purpose of inducing him to feel and express like emotions and ideas. You should know the selling ideas your house wants to get across to prospects and buyers. In everything you do at your desk you should represent those ideas and work to get them across to every man with whom your department has any dealings. Do not merely impress on him that you are the hawk-eyed guardian of the company's accounts. I have heard of countless instances when prospects were all warmed up by good salesmen and then chilled by the icy suspicion manifested by the credit man. That is working at cross-purposes, most decidedly.

I am sure you perceive without my emphasizing it more especially, just how you individually can employ the open-minded policy to sell your house to close cases so that they will remain staunch, loyal customers after they grow strong because of their appreciation for your support while they were getting on their feet financially. But very likely you do not see just how to use the best credit-salesmanship in your dealings with customers about whose credit standing there is little or no question. You have not pretended to be salesmen. Probably you have felt you had better not exceed your limited function as a credit man in such cases. But those are the golden opportunities for credit-salesmanship which usually are overlooked altogether by mere credit men, principally for the reason that they do not know *how* to sell.

You need not be ashamed that you do not know the fine points of selling which make a star salesman of the man who masters them. In my experience I have found that not more than one out of ten so-called salesmen really comprehends the selling process and practices the principles of skilful salesmanship effectively. As I told you at the beginning of my address, the selling process is not a mysterious system of accomplishing miracles. It is just applying facts any man can learn easily to the every-day transactions of life. There is no secret about it; though any man who employs the easy methods of true salesmanship is *certain* to succeed.

Salesmanship itself is not hard work at all. The hard work, if you call it that, comes when you are getting knowledge of selling principles and methods. It is not really difficult to do that, even. You only need to read books and articles on salesmanship and use your minds to apply the ideas to your particular work. After you master the fundamentals of selling, salesmanship itself becomes very easy because all the serious obstacles in the way of getting your

ideas across to the other fellow are removed by the mere fact that you know *how*.

You must be a salesman to hold your job as a credit man, whether you are a credit-salesman or not. You have to get your ideas across to other people—to the head of your business, to customers, to coordinate departments, to your fellow employees. Unless you know how to get your ideas across to the other fellow *most effectively and skilfully*, you are deficient in doing anything. Absolutely all there is to the selling process is getting ideas and emotions from one mind and heart to another mind and heart. Of course, referring particularly to ideas, it is necessary first to get the right conceptions of selling into your own mind. Then, if you know *how* to transfer your ideas to the mind of another man, you are a good salesman to the exact degree of your proficiency.

I am proposing to you here to-day nothing more nor less than that you promote yourselves to higher salaries in the sales department of your business by becoming credit-salesmen. You need not leave your desks and go out on the road. You can put your selling ideas into envelopes and send them anywhere in America or Canada for three cents. After the first of July you can do it for two cents.

You need to take just two forward steps. First learn how selling is done, and that salesmanship is essential in doing anything successfully. Second, after you learn *how* to sell, use the selling process in handling credits. President Wilson once said, "Lift your eyes to the horizon of business." But while doing that do not overlook the opportunities closest to your hand. In every letter you read, and especially in every letter you dictate, there are golden chances to sell ideas. First know what they are; so you will see them all. Then simply take them. They will make you rich.

My hope is not to direct your steps. I merely have started you thinking of credit-salesmanship. How far you go, or whether you get out of your old rut at all, is up to you. I want to leave with you this last statement from my own experience. I was not a salesman or sales manager when Mr. Ford engaged me to take charge of the sales department of the Ford Motor Company. I had been retained three years before in my professional capacity as a certified public accountant and auditor. But I understood how to sell my own ideas sufficiently well to impress Mr. Ford with my ability to sell his ideas. That's how I got the big job. Similar chances are open to you if you know how to sell and use the selling process in your present daily work, instead of acting merely as credit men.

PRESIDENT MCCOMAS—I am sure that you all agree with me that we have listened to a wonderful talk. We are particularly interested in Mr. Hawkins and are glad to know that he is interested in us as we second his motion that we all get a raise in salary. Do you all favor that?

AUDIENCE—Yes.

PRESIDENT MCCOMAS—The next will be a Conference Subject led by Lawrence Whitty, "What Is a Successful Merchant? Symptoms of Success or Failure in Merchandising; Obligations of Credit Men to Reach Difficult Situations."

WHAT IS A SUCCESSFUL MERCHANT? SYMPTOMS OF SUCCESS OR FAILURE IN MERCHANDISING; THE OBLIGATIONS OF THE CREDIT MAN TO EACH SITUATION

By LAWRENCE WHITTY, Chicago, Ill.

The successful merchant is essentially a man of sound principles and character, inspired not only by the ambition to make a legitimate fortune for himself, but to perform at the same time a constructive service to his community. He is strictly attentive to his affairs and his management is thorough, maintaining contact with every necessary detail of his business. He insists upon a neat and orderly store with stock well kept and attractively displayed, supported by an advertising program consistent with the limitations or possibilities of the business.

The successful merchant buys conservatively, predicated his purchases on a definite quota of goods used in a relative preceding period. He adheres mainly to proven lines of merchandise, but is on the alert, nevertheless, for any acceptable additions to his stock when there seems reasonable assurance of increasing his volume and his service. He keeps records and books of account that respond to the needs of his business and enable him to determine with precision his financial condition at all times. He is watchful of the expense account, is quick to eliminate any non-productive item and is cautious in assuming any new burden of fixed expense.

This merchant's capital, if not wholly adequate, approximates the capacity and needs of his business; and to provide for emergencies or for some specific undertaking, he has established relations with his bank for suitable and consistent accommodations. He keenly appreciates the value of good credit, and to that end he is prompt and exact in making settlements with creditors, taking discounts when offered, payments being made per invoice, and accounts regularly checked and balanced. He sells mostly for cash, or if on credit, with proper safeguards and terms well defined, prompt payments being insisted upon.

If this merchant's commodity is necessarily sold on a credit basis, his profit takes into account all carrying charges, cost of collection and losses. He takes an inventory annually or oftener, figuring goods at cost, or market if lower, depreciating all old stock and charging off altogether dead or doubtful items. He is vitally concerned in stock turnovers, and is studiously careful that his stock does not accumulate to a value out of proportion to the volume and profit of his business. And finally, he is an enthusiast for his business and for his community. He makes his business largely his pleasure, and by his very enthusiasm and interest makes it a pleasure to do business with him.

Given this set of conditions, working in happy coordination, the responsibility of the credit man is not heavy. But it should not be thought that he is without responsibility in his relation to the successful merchant. It is not uncommon for a well-established and successful enterprise to come into financial misfortune, due to some untimely or ill-advised departure from previous policy. Most of us can recall many specific cases where that very thing has happened.

There have been instances of the merchant completely successful uptown who could not succeed in the downtown district, and of the downtown merchant who failed in trying to expand to the uptown district—and of various kinds of stores carrying this or that line of merchandise which could not continue successfully after taking on some new department that did not harmonize with the established patronage or locality.

In the light of these possibilities, it seems proper to me that the credit department should maintain sufficient contact with even the best line of accounts to offer suggestions or advice when some important decision is to be taken. It is my present thought that such contact is, in a large degree, lacking—the result being that unsolicited advice offered in reference to some contemplated change in method or policy is resented as an unwarranted intrusion.

And I believe there is still another point we should consider in our relations with the successful merchant. There is nothing quite so destructive in its influence as too much credit, or too much latitude in the use of credit. The established terms in a given industry should constitute the basis of settlement in all cases, and credits extended should have due regard for the actual capital employed. Deviations permitted, concessions made or credits extended out of proportion to the risk frequently encourage the recipient of these favors to adopt some unsound practice in the operation of his business—to his own ultimate undoing.

But, considering now the case of the less favored or fortunate merchant—I believe we have the real field for constructive effort on the part of the credit man. And, if I am to judge from my limited perspective, he is not on all occasions responding to the full possibilities of the situation.

The credit man, according to my conception of his duties, is responsible—not only to his house for the proper protection of its credit risks, but he has a very definite responsibility as well to the maintenance of sound business in general. By that, I mean when there comes under his observation a condition or a practice that is not sound, he should initiate some corrective thought or action. This might entail, occasionally, some sacrifice. But if credit men, collectively, were all working along the same lines, the general result would be highly beneficial.

Statistics show a remarkable decrease in failures during the past few years. But whether this is due to any appreciable advance in the standard of business efficiency, referring, of course, only to the merchants wherein an acceptable standard has been lacking—is open to question.

I have heard it said that many are being carried along on the high tide of credit expansion, and what with the abnormal situation as affecting supply and demand, most any kind of management can "get by." Be that as it may, there is a day ahead and let us hope it is in the distant future when the methods and efficiency of the average merchant will be put to a serious test.

But, granting even that substantial progress has been made in merchandising methods during the past few years, it is quite evident that much is yet to be done, and the standard is still much below the level of possible realization. Is not the time opportune to put

our house in order, so to speak, by supporting a program of rehabilitation with respect to the methods and management of many of our merchant customers? Such an effort would naturally direct itself toward the slow or indulged account, because the very condition is significant of some outstanding defect in organization or management.

What would be the result if each of us were to segregate in our work the merchants whose methods are not up to the required standard and to put ourselves conscientiously to the task of discovering the exact trouble in each case, and then with equal earnestness suggesting the remedy?

If the turnover is not right, let us give the merchant our best thought and counsel as to the proper ways and means of either reducing his stock or increasing his business—so that he can, if it is within the range of possibility, be operating shortly on a sound merchandising basis.

If the expenses are too high, we should point out where, in our opinion, the leakage exists, and offer advice as to the best method of correcting it.

If credits are being extended without regard to a system of collecting or to a protective profit, we should point out to the merchant the utter futility of his course, and the disaster that is sure to follow, and suggest a suitable way to bridge the difficulty.

If inventories are not being taken or records are not being kept, resulting in almost complete obscurity as to the net earnings or margin of profit, we should very firmly insist upon a sane and simple system of accounting, which will enable the merchant to determine what he is in business for, and what, if anything, his business is doing for him.

Any one of these practices, if permitted to become established by continued usage, can only result finally in the failure of the enterprise. And these practices, as well as many others which operate against the success of the merchant, can, in many cases, be corrected and the merchant put on the road to a successful future.

This, to my notion, is the big work that the credit man has immediately in store for him. We must educate the merchant to be more scientific in his methods. We must do this, not only for his sake, but for our own sake. The processes of distribution are undergoing radical changes. The average retail merchant to-day has competition to meet that was, until recent years, unknown—competition that is highly organized, with tremendous buying power and unlimited capital. To hold his place in the present scheme of distribution, the merchant must *GIVE SERVICE*. And he can only give service by having his business on a basis of the soundest economy.

This Association has made a record of achievement at which, viewing conditions in retrospect, we must marvel. It has been directly responsible for the passage of legislation that has immeasurably reduced the hazard of bad-debt loss. It has bridged the gap of suspicion and distrust with a vehicle of cooperation and helpfulness. It has created bureaus of information and bureaus of realization, making credit interchange possible, and assuring the best possible salvage from the business that has failed.

It has done innumerable things that I could mention, making it safer and easier for us to do business. But notwithstanding this wonderful record, and notwithstanding the many things that have been accomplished, I think that we shall still fall short in our purpose if we do not imbue our members individually with the thought and purpose of building up the business structure as a whole through specific and individual treatment of those cases wherein conditions are not satisfactory.

I should like to see this Association of ours with its twenty-nine thousand five hundred members, while continuing all of the splendid activities which have gone before, assume a broader purpose and a broader responsibility—a purpose which will mean closer contact with the average merchant to the end that the deserving but misguided merchant can receive every assistance and encouragement.

SECRETARY TREGOE—Now, Mr. Whitty will you tell us, whether the buying and selling of commodities successfully requires any great degree of skill?

MR. WHITTY—I should say that it does.

SECRETARY TREGOE—Why, if a man buys a barrel of sugar at six cents a pound and sells it at seven, does he not make just a penny a pound profit, isn't that easy?

AUDIENCE—No.

MEMBER—He does not make a penny a pound because of his overhead expenses.

SECRETARY TREGOE—Do I understand from what you say that the credit man is an asset or a liability?

A. J. WATLING, St. Louis—He is an asset but he is still an expense.

SECRETARY TREGOE—Now, Mr. Whitty, you tell us that it does require skill to buy and sell commodities successfully. Is it not possible for just an ordinary man to go into business and to buy and sell commodities successfully? Does he require any special training for it?

MR. WHITTY—Yes, without question he does.

SECRETARY TREGOE—Where is he to get the training?

MR. WHITTY—Well, I should say that the man who expects to go into business on his own responsibility should have had some little experience in the same line of enterprise in a minor capacity.

SECRETARY TREGOE—What do you mean, "In a minor capacity?"

MR. WHITTY—I mean that he was perhaps an employe of some concern trading along the same lines in which he expects to engage for himself.

SECRETARY TREGOE—Now, Mr. Whitty, as a part of that question, how many merchants fail because of a lack of training, in your opinion?

MR. WHITTY—I believe that statistics put it around seventy-five or eighty per cent.

SECRETARY TREGOE—You say that seventy-five or eighty per cent. of the failures result from a lack of training?

MR. WHITTY—Incompetence, I believe, is the term.

SECRETARY TREGOE—Is incompetence and lack of training synonymous?

MR. WHITTY—I think they are in this particular connection.

SECRETARY TREGOE—Is incompetence and lack of training synonymous?

AUDIENCE—No.

J. S. THOMAS, Philadelphia—A man may have ability but he may not have had experience in that particular line of business. In other words, he is not in a position to apply his ability properly.

J. F. O'KEEFE, Chicago—Incompetence may be the result of lack of response to training.

SECRETARY TREGOE—Is incompetence and lack of training identical or synonymous? All who believe that they are not synonymous raise their hands?

The majority voted that the two were not synonymous.

C. S. FAXON, Cincinnati—Mr. Hawkins just explained to us that when he went into a different line of business he had not had training in that line but he made a success of it. If a man wants to apply himself and benefit by the experience of others by studying, I think he can make a success whether he has had experience in that line or not.

SECRETARY TREGOE—Did I understand Mr. Hawkins to say that he had learned to sell his ideas, therefore it was easy for him to sell the ideas of another man? His training was salesmanship and he had lots of it. That is the way I got it. He learned to sell his ideas and then he was engaged to sell the ideas of another man, therefore his training was in salesmanship.

MR. HIGINBOTHAM—But he was a public accountant.

SECRETARY TREGOE—Yes, but he sold his services as a public accountant, and then he was hired by Mr. Ford to sell ideas, but he was trained to be a salesman; he was simply selling another article, that is all. I think really, Mr. Whitty, I am going to side with the jury. There is a difference between incompetency and lack of training because the incompetent man will not respond to the training.

Now, Mr. Whitty, you gave us the symptoms of success, let us take the symptoms of failure. Is slowness a symptom of failure—is slowness in paying bills a symptom of failure?

MR. WHITTY—I should say that slowness in paying indicates a possibility of failure.

SECRETARY TREGOE—Isn't that a symptom?

MR. WHITTY—Well, yes.

SECRETARY TREGOE—Mr. Whitty says it is an indication. Is slowness in paying a symptom of failure?

F. W. SMITH, Cleveland—We have been selling a great many firms that have been held up temporarily by government contracts. The managers, many of them, are competent men. Practically all of their output was turned over to the government and they in turn have not been able to collect their bills promptly. That certainly cannot be due to incompetence.

MR. HIGINBOTHAM—If slowness is a symptom of failure, why the United States Government is on its last legs.

T. C. KEELER, Cleveland—Slowness is a symptom of failure but it is not always fatal.

VERNOR HALL, Dallas—If slowness were a symptom of failure, forty per cent. of the merchants in Texas are in danger of going broke right now, but if you go out in the wheat fields of Texas and see that wonderful grain crop of thirty-five bushels to the acre, go out and see the cattle as they graze in the fields, each of them worth \$80 a head, you would come back and feel absolutely secure about every slow account you had on your books because you would know when the threshing is over, during the next forty days, that you will get every dollar that is coming to you for the whole works.

SECRETARY TREGOE—Mr. Hall, what would happen if your wheat crop was to fail and the cattle were to become infected with the hoof and mouth disease? What would happen then with your slow merchants?

MR. HALL—They would all be broke. But that same thing would happen in a manufacturing district if all the mines were to close down and all the laborers strike for a period of thirty or sixty days.

SECRETARY TREGOE—They would not be broke though if they were not in the condition of owing more than their immediate liquid assets would cover.

MR. HALL—That is true.

SECRETARY TREGOE—Is slowness in paying a symptom of failure?

CLARENCE BRADEN, Louisville—I thought you were going to pass from that subject, Mr. Tregoe. I rose to ask Mr. Whitty a question. He has described, in my opinion, not necessarily the successful merchant, but the ideal merchant, of whom there seems to be so few. One of his assertions is that the successful merchant sells mostly for cash. I question that assertion. I think that a successful merchant may increase his business and may sell on credit and continue successful. My idea is that the more he sells on credit the more successful he is, provided he is as successful in the collection of his accounts for his goods which he sells on credit as he is successful in his sales. So I question Mr. Whitty's assertion that the ideal or successful merchant sells mostly for cash.

R. J. HUFFMAN, Chicago—I have found many who have failed and were slow but very few were prompt and failed.

SECRETARY TREGOE—We can't dwell on that. We threw that out to you because it comes into our clinical work as credit managers discovering symptoms. Mr. Whitty, how many failures in your opinion, proportionately, show symptoms of failure before the failure happens and as such the credit man could discover if he were sufficiently alert?

MR. WHITTY—I should say pretty close to 100 per cent,

SECRETARY TREGOE—Mr. Whitty says that 100 per cent. of the failures in his opinion show such symptoms that the credit man could discover them before the failure happened. Now talk to it just a minute or two. Do you agree with Mr. Whitty on that?

AUDIENCE—No.

SECRETARY TREGOE—You think that 100 per cent. is too high?

AUDIENCE—Yes.

SECRETARY TREGOE—How many believe that at least 80 per cent. of the failures show symptoms that could be discovered by the credit man before the failure happens?

There was a large vote in favor of that percentage.

SECRETARY TREGOE—Mr. Whitty, does the turnover of a merchant's stock have anything at all to do with success in merchandising?

MR. WHITTY—Turnover does have much to do with the merchant's success. One cannot answer that question specifically because the situation varies in practically every line, depending on the profit and other condition, but I should say that the turnover must be proportionate to the volume and the profit.

SECRETARY TREGOE—You say that turnover must be in proportion to the volume of sales and the profit. Is that right?

A. LANDAUER, Milwaukee—The turnover has nothing to do with the profit. I hold that the amount of stock that is carried in order to conduct your business has everything to do with the success of your business. To my notion the best way of succeeding in business which I have found in my experience of fifty years and over is to buy at the lowest prices and sell at the highest.

MEMBER—When a man turns over his capital once per year and he has a net profit of five per cent. he makes five per cent. on his money. If he turns it over twice, he makes ten per cent. He collects every thirty days, he would turn twelve times a year, his money is worth 60 per cent. to him. That is the way I figure.

EDWARD DRAKE, Portland—A New York man can talk about turning his stocks twelve times per year, but when we are thirty, sixty, ninety days away from the markets we cannot turn our stocks twelve times a year. We must turn our stocks in proportion to our ability to receive them.

W. D. SHEPARD, New York—I think there are three fundamentals to the success of every business; the aim of all business men is simply to earn a net return on the investment. First, one must have a gross profit; second, he must have his expenses reduced so

that he will earn a net profit; next he must have a turnover which will increase his net return on the investment. Therefore those three factors are the most important factors in running a successful business.

L. G. PIERCE, Galesburg—If you turn your stock a thousand times a year, if you don't collect your accounts receivable you are liable to lose out on the game.

W. B. WILLINGHAM, Atlanta—May I refer to the question we were discussing before this last one, the question of symptoms. We left that, as it seems to me, before carrying it to its final conclusion. If I understand the verdict of the jury, it was that failures, 80 per cent. of the failures, might be prevented if the symptoms shown were attended to. Now it seems to me if 80 per cent. of the failures can be prevented I would like to know how those symptoms show themselves and what is the proper course to prevent those failures?

SECRETARY TREGOE—Mr. Willingham, the jury did not say that 80 per cent. were preventable. They said that 80 per cent. showed symptoms of failure which we call commercial death, you understand, but we did not say as to the number of cases where the ultimate demise of the debtor was preventable. Let us get at that. How many here believe that 80 per cent. of the commercial failures are preventable?

MEMBER—Preventable by whom?

SECRETARY TREGOE—Preventable by the credit physician, the credit manager who handles that account. We spoke yesterday, you remember, about credit pathology and credit therapeutics. Now we come to it this morning. Pathology is the ability to discover the symptoms; therapeutics is the ability to help the trouble when the symptoms are discovered. We are trying to impress upon the credit man that he is in a real profession, that he has the ability to discover, by the knowledge of analysis, so that he can realize the symptoms, then the skill to discover whether the disease is preventable or unpreventable. If preventable, by the application of credit therapeutics to help it and if unpreventable to get just as cheap a funeral as he can arrange.

Now coming back to the matter of turnover. How many of you agree that the proper turnover of merchandise is related to the success of a business? All who do raise their hands.

It was unanimous.

SECRETARY TREGOE—Now, Mr. Whitty, we must pass on. We have spoken of the three c's as the standard of a safe credit risk—character, capacity and capital. This is an old question of mine, but now the credit man is on the job to prevent and to construct. He sees that the proper turnover is not being made, he sees that slowness might lead to ultimate trouble; now in analyzing a credit risk, Mr. Whitty, if you find that capacity is lacking, is that a serious defect?

MR. WHITTY—It is indeed a serious defect.

SECRETARY TREGOE—If you were confronted with a risk that presented character and capital and no capacity, how would you rate it?

MR. WHITTY—I don't know just how to answer that question. I would have to know the exact condition.

SECRETARY TREGOE—Well, the exact condition is that the merchant has no capacity. He has character, good honest man, he is willing to pay and wants to and he has a little capital, but he lacks capacity. We will say that he has sufficient capital just then to run the business and he has character but lacks capacity.

J. W. SPRAGUE, Minneapolis—My policy would be with reference to a man of that kind to watch him carefully and make him meet the terms as they come along; if the terms are sixty days, make him meet them.

SECRETARY TREGOE—You believe the absence of capacity is serious?

MR. SPRAGUE—Very serious.

SECRETARY TREGOE—If a merchant started business with character and capital and no capacity, what are his chances of success?

MR. SPRAGUE—They would be very poor.

SECRETARY TREGOE—If ten merchants, Mr. Sprague, were to start business with character and capital and no capacity how many of them would be in business in ten years do you think?

MR. SPRAGUE—None.

There was a pretty general agreement to this on the part of the audience.

H. W. ANGEVINE, Newark—I think if a man has character and capital it is an easy matter for him to secure the services of some one who has the capacity.

MR. HIGINBOTHAM—If he has the capacity to employ capacity, he would have the highest capacity in the world.

F. W. SMITH, Cleveland—Do you not think that in many cases it is possible to develop capacity?

SECRETARY TREGOE—Oh, that is the question I wanted to ask. We credit men, doing the therapeutics, in how many cases can we supply capacity when it is lacking? Is it possible to supply capacity when it is lacking?

The majority answered in the affirmative.

SECRETARY TREGOE—I think it is worth a chance when the capacity is lacking, but if the capacity cannot be supplied then the chances of success are poor. Now we would like to ask about the absence of character. Do you believe the combination of character and capacity without capital is a better combination than character and capital without capacity?

The vote was unanimous in the affirmative.

SECRETARY TREGOE—Character and capacity. That is a wonderful combination. Now, Mr. President, our time is up. I hope we got something out of this. Mr. Whitty did well.

PRESIDENT McCOMAS—It is with considerable pleasure that I introduce the next speaker. At various times considerable fun has been poked at me about Los Angeles, until I have almost acquired the habit of saying nothing more about Los Angeles, but I am sure that you will pardon me this morning when I make reference to the city which I make my home. When I say to you that we have with us this morning one of our distinguished citizens, a man who is well-known in finance and has taken an active interest in politics, a man whom we saw fit to honor by sending throughout the Orient and part of South America to become acquainted with trade conditions, I do not exaggerate when I say that this gentleman, until the time that he was chosen by the Guaranty Trust Company of New York as vice-president, was one of Los Angeles' most distinguished citizens, and I take great pleasure in introducing to you my old friend, Willis H. Booth, now vice-president of the Guaranty Trust Company of New York, who will address you.

CREDIT—THE WORLD'S NEED

Address by WILLIS H. BOOTH, Vice-President of the Guaranty Trust Company of New York

I have enjoyed the last couple of hours so much and I feel that there is so much good coming from the quizzes of this character that I am a little bit rude to intrude upon your time for the purpose of bringing to you any ideas which we may possibly have upon the situation in the world to-day. You have had a busy week. Everything that can well be said on the subjects has been said, and our contribution to your program can perhaps only be by way of emphasis rather than by way of any originality. We do desire to discuss for just a few moments—and I have made the paper short intentionally because I know how busy you are—the need of credit in the world to-day and the function which that credit must assert in the rehabilitation of the commercial, political and social intercourse of the peoples of the world.

Credit means more to-day than it has ever meant before. In that one word is epitomized the foundation upon which civilization's future must be based. Prosperity, the happiness, the hope, the very existence of hundreds of millions of people are dependent upon credit. It is the keystone of the arch which must bridge the chasm between war and peace. The great conflict which has just ended has indeed taught us much of the significance and economic value and vital importance of credit; peace will teach us even more.

As one of the primary results of the war, the wealth of the world has been redistributed. By the natural processes of wealth concentration, the United States has become very rich. Other nations in the long drain of war have become relatively poorer. Credit must be the instrument by which wealth accumulated in one place may in reality be used in another until gradually and by processes less violent than those of war, the wealth of the world will again assume the more natural distribution. The subject covers a very wide field of political and economic thought, but we purpose here to discuss only its economic phases

LIABILITIES OF OUR ALLIES

The direct and indirect costs of the war have been estimated at \$260,000,000,000. There has been no catastrophe in the world's history which has even approached this war in the destruction of capital wealth. Every European belligerent is burdened with colossal indebtedness. England's national debt on March 31 of this year amounted to \$37,000,000,000. The gross national debt of France is approximately \$36,000,000,000; that of Italy about \$12,600,000,000, and that of Belgium \$2,600,000,000. These figures represent a per capita debt for England of \$782, for France of \$900, for Italy of \$350, and for Belgium of \$346. And this indebtedness, of course, does not include the damages and losses sustained by the people of these countries.

They are appalling figures, especially when considered in conjunction with the magnitude of the ruin wrought by the conflict, the industrial and financial chaos, the depleted man-power, the impaired morale of Europe. Certainly they offer convincing proof of the crying need for material assistance from the United States, the world's great reservoir of credit and raw materials.

SOME ASSETS OF OUR ALLIES

But let us consider briefly some of the assets of our Allies and their prospects for financial and economic rehabilitation.

The national wealth of Great Britain is estimated to be \$120,000,000,000, and her national income at \$15,500,000,000. More than \$5,000,000,000 is due England for advances made to Allies and the Dominions of the British Empire. In addition, England may still be able to count upon an "invisible credit balance" of around \$1,500,000,000, as compared with \$1,800,000,000 before the war, derived from her extensive investments abroad and the exceptional banking and shipping services which she rendered the world. It is estimated that English investors still own about \$15,000,000,000 abroad, despite the heavy liquidations they were forced to make early in the war. Thus it is only in her actual trade that England finds her credit position seriously impaired. But it is significant to note that she has made rapid strides recently toward the regaining of markets temporarily closed to her during the war and that her exports are once more mounting.

France, it is true, has suffered grievously from the war. Her northern provinces, the richest in natural resources and in industrial development, have been ruined. But with the same heroic spirit which inspired the army of that country to determine at the Marne that "they shall not pass," the nation set about reestablishing its destroyed industries in the south of France, even while it fought for its very life and was bleeding white. It should be recalled also that the regaining of Alsace-Lorraine and the hold over the Saar Valley give France between 40,000,000 and 50,000,000 tons of coal a year and some 15,000,000 tons of iron ore, as well as largely increase her cereal production. These assets will play a very important part in the rehabilitation of France. And if France has increased her paper money by 30,000,000,000 francs during the war, we should not forget that the world has not yet ceased to marvel

and admire French thrift, which enabled France to pay of the colossal indemnity imposed by the Germans at the conclusion of the Franco-Prussian war within three years. That national trait must be reckoned with in considering France's present financial situation.

Belgium's record of financial and industrial achievement in the past is her surest guaranty for the future. Although the recent destruction and dismantling of manufacturing plants, railways and equipment in the little kingdom is proving a serious handicap to Belgium now, it is becoming increasingly evident that with adequate assistance production generally may be resumed much more promptly than seemed possible only a few months ago. A recent report by the Central Industrial Committee of Belgium, made after an exhaustive investigation, shows that in many industries which suffered complete or partial suspension during the war, production can be resumed as rapidly as raw materials are made available. Moreover, not all production was suspended, of course. The coal mines, for example, generally speaking, were kept intact. The damage to glass factories was slight, and only about 10 per cent. of the flax, hemp and jute spindles were destroyed. In many essential lines the managing organizations were preserved and new ones effected with a view to hastening the process of rehabilitation after the liberation of the country.

CHIEF ASSETS OF ALLIES

I have called attention to these assets of our principal Allies because they must be considered along with the liabilities. I have not mentioned the indemnities which the enemy must pay, because it seems to me that, regardless of the amount of such indemnities, and even if they were paid in full immediately, the chief assets of England, France, Italy and Belgium, as well as of our other Allies, exist within their own borders and within the people of those countries.

It is essential for us to remember that important fact, in view of the demands which are now and will increasingly be made upon us for the extension of credits to the peoples of Europe. It is evident that our aid will not be in the nature of charity—which our Allies would not accept, were we inclined to render it upon such a basis. It is the best guaranty that, while our service will be of a practical humanitarian character, our service will also be profitable, inevitably, directly and indirectly. Our Allies would accept aid only upon a strictly business basis.

It has been the good fortune, as well as the duty of the United States in recent months to participate largely in the extension of credit to our Allies, and we stand to-day as one of the two premier creditor nations.

When peace has been definitely established, we will be called upon to continue that service by the extension of additional credits through private channels, with government cooperation and moral support. In the immediate future this is going to be our paramount duty and afford us, as well, as great opportunities to help as did the war itself.

We cannot fail to take advantage of this opportunity, nor can we shirk the responsibility which it involves; but it is not going to

be an easy task, because in the last analysis, it must depend upon the support of public opinion in the United States. This support can be obtained only by careful education. In the immediate future and for present needs, we must extend credit abroad on a short-term basis, similar to that of the recent \$50,000,000 Belgium credit. But, before the maturity of these short-term obligations, perhaps within a year, we must put ourselves in position to extend long-term credits in a safe and substantial manner. A plan of organization for the accomplishment of this latter purpose is now under way in this country and in Europe.

The banks in the larger cities of the country have been, or soon will be, called together for the purpose of cooperating in the distribution of foreign securities whose maturities extend over considerable periods. In the countries abroad similar financial cooperation is now being organized to work with us here. In this work the members of your Association can be of inestimable value in a very practical manner. The task is going to be greater and will demand the best talent in the country. It is going to require above all things confidence in human nature and in the unfailing ability of peoples to work out their salvation when favorable opportunities are afforded.

We are not unmindful of the fact that the situation abroad is not good, but it is not abnormal under the circumstances, and after years of war anything but a depleted situation would be abnormal. Furthermore, it is natural for all peoples to be optimists and workers and producers, and with the economy and care in living, which necessities of the hour have developed, and with the safe and sane help and cooperation of this country, they are bound to work out a satisfactory solution.

But we cannot rise to the occasion unless our domestic credit is sound, unless the factors which create that credit are functioning properly, and that means that business must be permitted to thrive and prosper. Our governmental authorities must recognize this as the paramount need of the hour.

PRACTICALITY MUST SUPPLEMENT IDEALISM

There is no dearth of political idealism in the United States, nor lack of able spokesmen for our national morality. Only posterity, with the advantage of perspective, can properly appraise them; certainly, I shall not attempt to do so. But there has never been an occasion when practical, constructive, business leadership was at a higher premium in this country than at the present.

If we are to keep pace with the accelerated movement of the new period, we cannot permit Lilliputian ideas to bind our industrial Gulliver. And that is what those who seek to return to pre-war conditions and restraints are advocating.

We may expound our national idealism to the world with all the zeal of modern crusaders, but unless we supplement it with practical efforts based upon the fundamental principle of helping other peoples to help themselves, our idealism will utterly fail of its purpose. And I contend that the best way to make such practical humanitarianism possible is to free business of its present and pre-

war obstacles, for, if the war has taught us anything about economics, we have awakened to a realization that all nations are interdependent, that the prosperity of each is contingent upon the prosperity of the others, that productivity does not enrich one people or class alone, but all humanity as well. If this country, therefore, is permitted to utilize its industrial resources, strength and individual initiative in a measure commensurate with the demands of the hour, we will put at the disposal of the world one of the most efficacious of stabilizing forces.

Consequently, no Congress has faced more important tasks and graver responsibilities than those devolving upon the present one. And the sooner it undertakes the solution of the vast problems now awaiting its consideration the better.

War never called for truer patriotism and more conscientious regard for the nation's welfare by Congress than are demanded by existing circumstances. There must be no partisan politics to obstruct our national, economic development. We are facing a new era in legislative duty and administrative service as well as in business, industry and finance.

There seems to be no doubt that one of the first duties which Congress must assume will be a revision of the whole range of war and income tax legislation—at least, as to the practical workings of those measures. It appears very clear, for instance, that there is much duplicate assessment under the Revenue Act of 1918, and the present income tax handicaps enterprise and penalizes success, with the inevitable result of retarding trade improvement.

GOVERNMENT ECONOMY IMPERATIVE

The government must awaken to the fact that we cannot continue to do peace business on a war-cost basis. Common sense, but rigid economy is imperatively needed. Business men to-day are learning the meaning of Benjamin Franklin's sage observation, "Gain may be temporary and uncertain, but expense is constant and certain." And were he alive now he might amend his epigram by adding "thanks to government extravagance and sociological experimentations." In fact, we are discovering that the economic cost of peace is almost as heavy a burden as the economic loss of war.

Consequently, it would have been far more sensible and serviceable if the government had stabilized expenditures, under a proper budget, instead of vainly endeavoring to stabilize the prices of commodities, for every unjustified and reckless expenditure by the government not only adds to the already heavy burdens of the taxpayer but also increases the cost of living and exacts a monetary tribute from those who can ill spare their earnings for a so-called "paternalistic" government to squander.

The fact that seven months after the signing of the armistice the war expenses of the United States have continued without abatement demands prompt and effective measures of economy. In April, the government's expenditures were approximately \$1,429,000,000, as contrasted with \$1,190,000,000 in February. They were \$1,096,000,000 in May.

THE RAILROAD DEFICIT

There was certainly no justification for the Railroad Administration granting blanket increases of wages to its employees aggregating \$900,000,000—and I advocate giving to labor all that it is justly entitled to—when the deficit of the railroads under government control was increasing daily at an alarming rate, and when the roads were unable to pay their material bills, despite very substantial rate increases. That certain classes of railroad employees were entitled to larger wages was undeniably true, but that the government proceeded upon an extravagant and unscientific basis in making general wage awards without due regard for specific cases is equally true.

And I respectfully invite your consideration of the estimate recently submitted to the House of Representatives by the Director-General of Railroads, which set forth that the government will require \$1,200,000,000 to meet the railroad deficit for 1918 and to finance the requirements of the roads for 1919. In presenting this estimate, the Director-General called attention to the fact that the operating deficit of the railroads for 1918 amounted to more than \$236,180,000, and that, I quote his own words, "\$486,000,000 represents the aggregate loss to the government up to April 30, 1919." What the loss may total before the roads are returned to their owners by the end of the current year, as President Wilson has announced will be done, is a matter of speculation which does not appeal pleasantly to the imagination of the already heavily burdened taxpayers.

Some indication of the prospect, however, was given by the April deficit of \$58,000,000, and by the Director-General in another statement, in which he said: "There has not been included in the months of January, February and March (of this year the sum of approximately \$6,000,000 per month for back pay on account of wage orders recently issued. These amounts of back pay will appear in the next few months, and, of course, will result in diminishing operating income for those months."

In addition, the Director-General has stated: "One other item needs to be mentioned. Under the contract made between the government and the American Railway Express Company in the summer of 1918, the government undertook to assume any operating deficit which the express company might incur during government control. Such operating deficit for the first year will not be ascertainable or technically chargeable against the Railroad Administration until the end of twelve months from the effective date of the contract, *i. e.*, July 1, 1918. The amount of this deficit, however, should be borne in mind. For the six months ending December 1, 1918, such deficit was approximately \$9,500,000, and for the months of January and February, 1919 (including allowance for back pay to be hereafter paid on account of these months), it is roughly estimated that such deficit will be approximately \$5,040,000, making the operating deficit now in sight for the first eight months of the year, which will end June 30, 1919, approximately \$14,540,000."

The telegraph and telephone systems, also, have not been self-sustaining under the government control, the Postmaster-General

has finally admitted. While the amount of money which must be paid out of federal coffers to fulfill the promises made to the companies by the Post Office Department when the systems were taken over by the government has not been disclosed. Mr. Burleson has acknowledged that "a number of these properties is now being operated at considerable loss." That government operation of the telegraph systems has cost the taxpayers at least \$1,000,000,000 was admitted by inference a few days ago by the chairman of the Wire Control Board in testifying before the House Interstate Commerce Committee.

UNFETTER BUSINESS

It is encouraging to note that Secretary Redfield, in addressing the Chamber of Commerce of the United States recently, reviewed at length the history and operation of our anti-trust laws and drew the conclusion that, because of the rapid changes in commercial practices and purposes, these statutes are out of date. He deplored the suspicious attitude of the public toward business and said that the Sherman Law or any other laws designed to prevent the restraint of trade should not be invoked to prevent the promotion of trade by cooperative methods.

Let us hope that the same light will dawn upon other government authorities and that they will realize that the Sherman Law, designed to prevent the restraint of trade, is, itself, one of the greatest restrainers of trade, and that it should be repealed.

Let us hope also that Congress will awake to the fact that so long as the government cannot transact its own business on a business-like basis it cannot hope to conduct private business with other than disastrous results, and that what we need most of all is not government business but business government.

SOLVING THE RAILROAD PROBLEM

Certainly no more momentous question is pending before Congress than that involved in the return of the railroads, and it must be answered within seven months. In this connection, I desire, incidentally, to call your attention to a national campaign, which has just been launched by the Railway Brotherhoods affiliated with the Federation of Labor to compel every candidate for national office to declare his position on government ownership and operation of the railroads. This movement is the first definite step which the brotherhoods have taken to turn the roads over to themselves, as they have proposed in their plan for "solving" the transportation problem.

The danger of such a scheme for exerting political coercion does not lie so much in its chances of success as in its principles and practices—in its undemocratic character, and the possible, far-reaching reactions. It is nothing less than an attempt to impose class politics and class legislation upon the country for the benefit of less than 2 per cent. of the population and to the decided detriment of the other 98 per cent. of the people. It is a vicious form of oligarchy, and in the direct ratio that it succeeds will the fundamental principles of this Republic be undermined. What might be expected in

the way of service under government ownership has amply been demonstrated during the period of government control. And the sooner the American people emphatically repudiate such un-American principles and practices the less danger there will be of Bolshevism and other unsound socialistic movements gaining ground in the United States.

Whatever plan Congress evolves for the restoration of the railroads to their rightful owners, there can be no question about the imperative necessity for ample provision to rehabilitate and maintain the credit of the roads, thereby enabling them to meet their financial needs in order to render adequate public service and to expand in unison with the business progress of the country. There must be assurance to private capital of a minimum and adequate return; there must be provided opportunity for private capital to earn more than a minimum, so that the spirit of enterprise and private initiative may be preserved and fostered; there must be simplified and centralized regulation, which will free the railroads from the conflicts and waste of the former multiple system of regulation; there should be community of interests between the railroad corporations and the government on an equitable basis of profit-sharing and representation in control; there should be repealed all legislation compelling uneconomic operation and preventing consolidations and unifications; there should be federal regulation of security issues for the protection of the investing public; and there should be federal regulation of wages as well as of rates.

SHIPPING PROGRAM NEEDED

Another crying need of the day is a definite shipping program which will create an adequate merchant marine for this country. Never again should Americans pay \$200,000,000 a year in ocean freight rates to foreign ship owners; and never again should war find us dependent on foreign ships.

All governmental restrictions on American shipbuilding should be removed. Our shipping laws should be amended to permit American vessels to compete with those of other nations upon an equitable basis. And our merchant marine should be owned and operated by private business interests, with proper government supervision and cooperation. Only by the adoption of such measures the United States can hold its rightful place in foreign trade.

DEMOCRATIZATION OF INDUSTRY

There is imperative need, also, for an active, practical democratization of industry. By democratization I mean real, instead of merely verbal cooperation between labor and capital, under which there shall be mutual sharing of responsibility as well as profits. But in order to realize this ideal, there must be sane leadership on both sides; there must be a spirit of fair dealing; a willingness to sacrifice the smaller things to gain the bigger objects. Above all, however, labor must rid itself of the fallacy that less work and more idle time will give a larger measure of happiness. Labor means the salvation of the world to-day. Work is our noblest activity. And, as it has truly been observed, "the work-places of America,

where men and women strive in toil of brain and hand, are the foundation of the nation's strength, the assurance of her safety, the promise of her power." Let labor and capital really get together and work in harmony, and this country will enjoy the greatest era of prosperity it has ever known.

Labor must rid itself, likewise, of the influence of that parasitic element which belongs neither to the ranks of labor nor to the ranks of capital but intrudes itself between the two in the guise of the disinterested friend of labor, but in reality as a blundering, misleading, deluded trouble-maker for both labor and capital. I refer chiefly to the so-called parlor variety of socialist and to the pseudo, alleged philanthropic reformers who, almost without exception, have never been workers with their hands in a sense which would identify them with labor or workers with their brains sufficiently to put them into the employer class. And yet, with the courage of ignorance, with the effrontery of half-baked theorists, they dare to rush in where angels fear to tread and spread their unsound, dangerous ideas among susceptible victims, to the inestimable harm of all concerned and indirectly to society generally. Labor cannot do better than to listen to its own sound oracles and then sit down at the council table opposite employers and, in a spirit of cooperation, endeavor to solve the problems of labor and capital.

GREAT ASSETS

These are only a few of the vital problems confronting us, but they are sufficient to indicate the character and scope of our immediate task. And if that task is undertaken with the proper spirit, keen insight, breadth of view and due appreciation of its importance that is imperatively demanded, the future prosperity of this country will be assured. This is an occasion which requires safe and sound leadership; which calls for men of vision, who have their feet on the ground. It is an occasion which calls for thinking, not along reconstruction or readjustment so much as on constructive lines. We shall never return to pre-war conditions; we are on the threshold of a new period.

There is no place in America for an underestimation of that greatest of human assets—power of recuperation. We should not forget the struggle of the human race against the obstacles of progress, against the powers of destruction, which have harassed it since the dawn of time, and fall into the error of believing that after four and a half years of the most heroic fighting in the world's history—the peoples of Europe may not succumb to the lesser dangers of peace. Such reasoning is not in accord with the fundamental facts of human nature. We need only to learn the true conditions; and in the light of such facts, fairly presented, this nation can be relied upon not only to work out its own problems but also to assist materially in working out the destiny of its less fortunate friends across the seas.

The United States is abundantly equipped to perform its proper function in the new peace era and under its new international political, commercial, financial and economic relations. This country produces 20 per cent. of the world's supply of gold; 25 per cent. of

the world's supply of wheat; 40 per cent. of the world's iron and steel; 40 per cent. of the world's silver; 50 per cent. of the world's zinc; 52 per cent. of the world's coal; 60 per cent. of the world's aluminum; 60 per cent. of the world's cotton; 66 per cent. of the world's supply of oil; and 75 per cent. of the world's corn. This country refines 80 per cent. of the world's copper and operates 40 per cent. of the world's railroads.

A harvest of wealth from the farms of this broad, rich land such as has never before been recorded in the world's history is in prospect.

But most valuable of all, the stimulus which the dire necessities of war supplied to American inventiveness, resourcefulness, productiveness, courage and spirit of adventure constitutes a national asset which not only transcends the bound of material computation but also challenges the boldest imagination.

All that is needed in this country to-day is simply constructive government leadership for and cooperation with business generally, to insure full and free development of our unequaled resources and opportunities.

In brief, then, our after-war problems, while tremendous, are capable of practical solution. Our greatest danger is at home. Eight persons of every ten who acquire wealth suddenly lose it with equal rapidity. The United States is in a position somewhat paralleling that of an individual with suddenly acquired riches. Our enormous gold reserve is liable to be more of a hindrance than a help, unless we use it for the greater good.

We must set our house in order by getting agricultural industry and business back to normal functioning. With this done, our great wealth, both public and private, can be extended overseas to countries in need, to the end that they may be rehabilitated and reestablished. Domestic credits and foreign credits are alike in importance, because both contribute to the ultimate end sought, and also for the reason that, in the final analysis, 90 per cent. of our commerce is internal and we must use some of the profits of this internal business for our foreign operations.

We must face the future with practical optimism, and I sincerely hope that you, as practical men, will give serious thought to the question of foreign finance because the adequate working out of the future of the world depends upon a broad, liberal and constructive viewpoint of the United States upon this vital subject.

PRESIDENT McCOMAS—At this time, E. H. Jaynes, the chairman of the Resolutions Committee, has a report to make.

MR. JAYNES—On behalf of the Committee on Resolutions I offer for your adoption the following resolution:

I.

Resolved, that the National Association of Credit Men, in convention assembled, recognizes fully the paramount importance to our political structure and to sound credit of the wise and statesmanlike disposition of our great transportation, express and wire service problems, problems that have long been a cause of doubt and questioning which reached their climax upon our entry into the

great war, and we here urge upon our Representatives and Senators in Congress assembled that the problems of returning the railroads and other similar enterprises to private control as now seems assured, should be approached with all fearlessness and candor with these thoughts in mind:

(1) To make it impossible for the transportation and similar agencies or their employees to be placed in position to impose unnecessary burdens and annoyance upon the public.

(2) That provision shall be made, looking to the restoration of efficient service and the establishment of the sound credit standing of the companies.

(3) That fair consideration be given to the investors in these public service corporations by offering proper returns such that there may be new infusion of capital and energy into these most vital departments of business activity.

(4) That the federal regulation should be morally, socially and economically constructive in its influence, instead of deterrent, as heretofore; and Be It Further

Resolved, that the widest publicity possible be given to these great problems may be approached and studied by all, whether in or out of Congress, who are competent in this subject and that their suggestions be received in all fairness and without that suspicion of ulterior motives which tends to delay the reaching of the best solution; and Be It Further

Resolved, that the widest possible publicity be given to these sentiments of the National Association of Credit Men, to the end that all may recognize how fundamental to our solid credit structure is the early determination of our national service problems.

Mr. Chairman, I move the adoption of that resolution. Seconded and carried.

II.

WHEREAS, notwithstanding the fact that our railroads both under private and government control have been accustomed to demand the prompt payment of all freight charges, but are and have been for the most part dilatory in the payment of debts incurred for supplies, thereby imposing burdens upon those selling the railroads, and necessitating borrowing on the part of the sellers, that might be avoided but for delayed payment; Be It

Resolved, that the National Association of Credit Men, in convention assembled, appeals to the United States Railroad Administration and the financial agents of the railroads that every possible effort be made by them in the interest of sound business to correct this abuse and with all reasonable promptness pass upon just claims and settle for purchases of supplies in accordance with the terms of sale.

MR. JAYNES—I move the adoption of that resolution. Seconded and adopted.

SECRETARY TREGOE—Mr. Golieb is not here and I will present the report and resolutions for the Committee on Credit Education and Management.

**REPORT OF COMMITTEE ON CREDIT EDUCATION AND
MANAGEMENT**

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

The year 1918-19 has been a peculiar one in the field of education. It was felt during the summer of 1918 that practically every young man of college age would be in military service, either in the trenches or in clerical or scientific work. From the colleges' viewpoint the outlook was very dismal. Then came the establishment of the Students' Army Training Corps. It was almost impossible to reconcile the demands of the military department with a due regard for efficiency in study. As a rule the college year is divided into two parts: the second term beginning usually about the first of February. Most of the Training Corps were disbanded before the first of January, 1919, and the colleges began to put themselves in shape to resume the ordinary academic work on the first of February. Colleges in large cities and especially those that offered work of direct interest to young business men found themselves fairly overrun with applicants. In many cases instructors had entered the government service and universities found it difficult properly to serve the large student bodies. This obstacle is mentioned as it will be remembered that part of our educational program was to arrange for direct cooperation with universities.

The work of establishing new Credit Men's Association classes was similarly handicapped. During the summer and the fall of 1918, the usual period for forming classes, activities having an immediate bearing on the war absorbingly engaged the minds of the workers in the associations and with so large a number of the assistants drawn into the service, associations, especially those without previous experience in the work of credit education, felt that the time was inopportune to undertake it. Nevertheless, substantial progress can be reported. This is particularly true of the quality of the work done. We are getting beyond the stage where the students are merely taught the superficial routine work or some of the minor tricks of the trade. We are also getting away from the courses consisting of a loosely connected and frequently, in point of sequence, ill-considered series of so-called lectures or speeches. The courses to-day as well mapped out and designed to instill in the minds of the students higher ideals with respect to the efficiency and ethics of credit work. Proceeding from elementary principles to advanced problems, the teacher also invites from time to time peculiarly qualified persons to discuss special topics and his own efforts are bent to the gradual, natural upbuilding of the course.

The National Institute of Credit has made encouraging headway. After a meeting of the Advisory Board, Prof. Chas. W. Gerstenberg was requested to act as Educational Director until a suitable person could be found to devote all his time to the work of developing the educational program. Such a person should be, as Dr. J. T. Holdsworth suggests, "a man of broad academic training, sound pedagogically, and one with considerable business experience, or at least an understanding of the educational needs of business."

It can be readily understood, we submit, that to put a program as ambitious as that of the Educational Department into full-fledged operation within a short time would require a tremendous expenditure of time, effort and money, and in view of the unsettled conditions in the business world and in the educational world, it was deemed wise to proceed cautiously. A number of bulletins and pamphlets were prepared outlining especially the methods of organizing the local units of the Institute and the work of the correspondence department.

The fact that under the conditions outlined the Institute's work has already met with a fair measure of success can be attributed to several influences, not the least of which is the willingness of several enthusiastic and capable members of your Association to undertake the organization of local units and the encouragement of the correspondence department. H. C. Workmaster of Pittsburgh deserves special mention. In order to assist in organizing local chapters, he arranged and conducted state conferences at Philadelphia and Syracuse and his enterprising efforts will undoubtedly be productive of excellent results. George J. Clautice has also rendered a conspicuous service to credit education in Baltimore. Local units have been officially established in Baltimore, Pittsburgh, Cincinnati and New York and other units are in process of organization.

One of the courses, "Credits and Collections," for the Correspondence Chapter, is practically completely prepared and about fifty students have already been enrolled. We are informed by the Educational Director that all these students are pursuing the studies conscientiously.

Prof. Gerstenberg recently expressed his desire to discontinue the work of director after June 15 and has pointed out that the work has reached the stage where the entire time of a director is demanded. The brunt of the work should be done during the summer in preparation for the opening of the school year, when a renewed interest in educational affairs will spring up all over the country.

It has been deemed wise to close this report with a number of definite recommendations. These are:

1. That two directors be engaged for the National Institute of Credit. One, a director of studies, and the other, a director of field work and cooperation. Both of these men should be experienced in their respective fields and the salary in each case should be sufficiently large to attract capable men. The director of studies should have charge of the work of the central office of the Institute in New York and the director of field work and cooperation should devote practically all of his time to the organization of local units and to visiting colleges, Y. M. C. A.'s and other institutions to interest them in cooperating in carrying out the educational program of the National Association of Credit Men. The director of studies should make tours of inspection to see that the educational work of the local units is kept up to standard.

2. The Advisory Council should be continued and the director of studies should plan quarterly meetings of this council for the ensuing year and should be prepared to lay before the council at its meeting matters of policy on which the council should be asked for its advice.

3. The Correspondence Chapter should be developed, and immediate steps should be taken to offer by correspondence as many as possible of the courses outlined in the program of the Institute.

4. The high ideals of the Institute for which the Advisory Council is largely responsible should be maintained and suitable steps should be taken to see that none of the rules of the Institute are violated.

5. While the Institute should supply its facilities without profit, it should not be a financial burden on the Association, since business education throughout the country is looked upon generally as a commodity that if worth having is worth paying for. If necessary, therefore, the cost of the correspondence courses should be raised.

6. The director of studies, with the aid of the Advisory Council, should prepare a syllabus of the principles and practice in credits and collections. One of the serious handicaps now encountered in the promotion of credit education and one which probably for some time will continue to be a problem is the unavailability of competent instructors. Credit men who have a wealth of experience and materials and who possess the personal qualifications lack teaching experience; moreover, credit education is still in its infancy and is quite uncharted. To assist effectively in meeting this situation, a detailed outline should be prepared giving in logical rotation the subjects to be covered, richly annotated with text-book references and supplemented by a series of quizzes. This service will lend itself to the desired cooperation of the educational department in the National office with the committee of the local associations. It will also tend to accomplish the desired uniformity of standards. Inasmuch as the National Institute has adopted the rule not to give credit for the course in Credits and Collections until the student has passed an examination set by the Institute, it is only fair that the Institute should furnish the instructor in advance with a copy of the official outline.

7. Every local association is urged to give serious consideration to the formation of a chapter and also to encourage those who are not available as local chapter members to join the correspondence chapter.

8. A drive should be organized beginning its preliminary work of organization in the summer and culminating in a public announcement and public effort in the early fall to bring as many members as possible into the local units or into the correspondence chapter.

9. In the making up of the programs of state conventions, an important place should be given to credit education and the welfare of the National Institute.

Your committee begs to submit the following resolutions:

I

Resolved, that the National Association of Credit Men, in convention assembled, adopts the nine recommendations above enumerated and empowers the Secretary-Treasurer to employ the two directors named in the first recommendation.

II

Resolved, that this convention tenders its sincere appreciation and thanks to the Board of Directors of the Advisory Council for their gracious and valuable cooperation.

III

Resolved, that this convention records its keen appreciation of the efforts of the local Associations of Credit Men, Young Men's Christian Associations, the Boards of Education and the colleges and universities, as well as a large number of the members of our Association who, by their very interested and hearty cooperation, have helped us in the endeavor to contribute, through education, to the elevation of the profession of the credit man.

IV

Resolved, that this convention tenders its sincere appreciation and thanks to Prof. Charles W. Gerstenberg for the good work he has done in helping to organize the institute and to formulate its rules, and also to direct its first correspondence course.

In conclusion, it may be stated that the work of the National Association of Credit Men in fostering education is not only in harmony with the progress of the business world but in some ways is actually anticipating general movements. The idea that educators shall be brought into close contact with the demands of actual business and educators shall be stimulated in their work by this contact and that students will have some standard of proficiency other than that set up by academic institutions is the very keynote of the modern trend of events in the educational world. It is gratifying to learn that the Chamber of Commerce of the State of New York has practically followed the same plan as that of the National Institute of Credit in outlining a program of studies for preparation for work in foreign trade and your committee has learned that insurance men have taken steps in the organization of a similar movement.

Respectfully submitted,

DAVID E. GOLIEB, Chairman, New York City, N. Y.

VICE-CHAIRMEN

O. T. ERICKSON, Carter's Ink Co., Boston, Mass.

H. C. WORKMASTER, Harris Pump & Supply Co., Pittsburgh, Pa.

GEO. J. CLAUTICE, Lyon, Conklin & Co., Baltimore, Md.

W. S. CAMPBELL, Cleveland Neckwear Co., Cleveland, O.

HARRY F. PAVEY, Hibben-Hollweg Co., Indianapolis, Ind.

F. L. HANUSH, Battreal Shoe Co., St. Joseph, Mo.

E. N. DIETLER, N. O. Nelson Mfg. Co., Memphis, Tenn.

C. E. MANN, Northwestern Knitting Co., Minneapolis, Minn.

JAMES B. MCKELVEY, H. J. Heinz Co., Denver, Colo.

A. R. MORTON, National Bank of Commerce, Seattle, Wash.

SECRETARY TREGOE—Mr. President, in behalf of Mr. Golieb, I move the adoption of the report and the resolutions.

The motion was seconded and carried.

PRESIDENT McCOMAS—Next we will hear from C. D. Mixer the report of the Committee on Commercial Ethics.

Mr. Mixer read resolutions contained in the report of his committee.

REPORT OF COMMITTEE ON COMMERCIAL ETHICS

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Special Committee on Commercial Ethics has during the past year pursued the policy adopted by former committees. Reviewing the credit field for the purpose of determining where the commercial credit grantor should aim toward higher standards of action and procedure in situations in which they are too commonly forgotten or where individual action and selfishness have defeated the principle of constructive cooperation, and feeling it were well to announce as the net results of the year's studies but one additional Canon of Commercial Ethics, the committee determined upon a situation where the highest standards of credit procedure should clearly control—the treatment and handling of the insolvent debtor.

No lengthy argument is necessary for your committee to point out the waste which attends individual action in this sphere, not alone material but moral waste. If creditors as a unit were gripped by the principle of constructive cooperation and felt satisfied that working together were a better solution for the insolvent and involved situation than individual action, beneficent results with a completer protection of the credit interests concerned would follow and become the token of further advancement in skilful and just credit management.

After carefully considering this situation and accepting it as the subject for the eleventh Canon of Commercial Ethics, the following form is submitted as an expression of your committee's idea, carrying, as it believes, a message which should go abroad in the credit field of the nation as a controlling standard of practice:

"The foundation principle of our credit structure—cooperation—should dominate and control whenever the financial affairs of a debtor become insolvent or involved, that equality thereby may be assured to the creditors themselves and justice to the debtor.

"The control of any lesser principle produces waste, diffusion of effort and a sacrifice of interest, material and moral, with a separation of creditor and debtor that is offensive to the best laws of credit procedure.

"Cooperation and unity save, construct and prevent; therefore, individual action pursued regardless of other interests in such situations, whether secretly or openly expressed by either creditor or debtor, is unwise and unethical."

With the presentation of this brief report, your committee begs to offer the following resolutions:

I

Resolved, that the National Association of Credit Men, in convention assembled, recognizing the moral impulse and force given in the building up of high commercial standards and gratified in having enunciated in former years Canons of Commercial Ethics for the inspiration of good and equal practices in the credit field, hereby gladly confirms Canon No. 11 presented in the above report.

II

Resolved, that the Special Committee on Commercial Ethics be continued, with the confidence that the precedents established by former committees will serve to guide its work and that the building up of Canons of Commercial Ethics is a wise and useful purpose for the National Association of Credit Men to carry through.

Respectfully submitted,

C. D. MIXTER, Chairman, Wright Wire Company, Worcester, Mass.

VICE-CHAIRMEN

C. W. WHITTLESEY, Whittlesey Company, New Haven, Conn.

ROMANUS S. EASTERLY, Reading Biscuit Co., Reading, Pa.

W. B. BROADDUS, Etchison Hat Co., Richmond, Va.

C. C. HENKING, Croft Stanard Co., Huntington, W. Va.

W. A. JOY, Joy & Park, Springfield, Ill.

P. C. MARCH, Krakauer, Zork & Moye, El Paso, Texas.

MORRIS MEYER, Selma, Ala.

W. F. NELSON, Coffin Packing & Prov. Co., Pueblo, Colo.

H. B. CLARKE, J. B. Slevin Co., Tacoma, Wash.

MR. MIXTER—Mr. Chairman, I move the adoption of this report and the resolutions. Seconded and adopted.

Adjournment.

AFTERNOON SESSION

Fourth Day, Friday, June 13, 1919

The meeting was called to order at 3 P. M. by President McComas.

SECRETARY TREGOE—We have telegrams from several of the good friends of the Association expressing regrets in not being able to attend this convention: Jo Lane Stern, secretary of Richmond Credit Men's Association; J. H. Kentnor of St. Louis; C. A. Baen, president of San Francisco association, who added an invitation to hold the 1920 convention in San Francisco; W. H. Coulter, formerly assistant secretary of the Baltimore association; E. R. Lucas of Des Moines; James Roth, Jr., mayor of San Francisco, who urges the holding of the 1920 convention in his city; Edward A. Whittier, secretary of American Fair Trade League; S. D. Buck, formerly secretary of Baltimore association; A. D. Sallee, president of Pittsburgh Chapter of National Institute of Credit; Board of Trade of San Francisco, by its vice-president and secretary; and from the Macon association, announcing its reaching of the membership goal.

President McComas then asked Secretary Tregoe to present the report of the Bankruptcy Law Committee in the absence of the chairman, R. E. Belcher.

REPORT OF COMMITTEE ON BANKRUPTCY LAW

To the Officers and Members of the National Association of Credit Men:

GENTLEMEN:

Your Bankruptcy Law Committee inherited good traditions from the firmly fixed policies of the National Association of Credit Men—traditions ably defended by committees before our various conventions. There will, presumably, always be opponents to the Bankruptcy Act, just as there are differences of views upon other important economic subjects; therefore, it is not reasonable to depend upon or expect unanimity of support of our present Bankruptcy Law.

Running back in retrospect, one of the first policies of the National Association of Credit Men, was to secure national bankruptcy legislation. The thinness of the credit structure so clearly brought out in the years following the depression resulting from the panic of 1893, revealed to the careful students of those days, that equality of treatment in the liquidation of insolvent estates was necessary if the credit structure was to be made firm and that that cooperation is encouraged which has since proved above all things to be the foundation of our present credit system.

The administration of estates according to the insolvency laws of the various states protected usually the first creditor in the field, or those favored by the debtor, but left the large mass of creditors without equal protection. This situation would not permit a rapid advancement of long-distance credit granting.

Convinced that a Federal Bankruptcy Act was needed for the rearing of a sound credit structure, the Association has continued

in the belief that the act should be permanent, insisting that it was not intended for mere temporary purposes and to put the group of debtors on their feet who had suffered in the depressing years of the early nineties, that it was not a temporary remedy that was sought, but the establishment of that permanent principle for which the Association has consistently worked.

While certain mercantile enterprises selling their commodities within a limited area might find the old system protective of their peculiar interests in that their nearness would assure usually a preferential position, yet in the great average, it is just this inequality that disturbs credit departments and which they feel should be prevented by the application of an equality throughout the entire nation.

Opponents of the present Bankruptcy Law claiming that it was intended merely for temporary purposes and should have been repealed in conformity with the original idea, are not, in the judgment of your committee, thinking soundly. So far as the proponents of the act are still in the credit field and recall the circumstances surrounding this first effort of the Association, we get from them a refutation of the statement. They affirm that the act was intended to be permanent, a recognition of the fact that the conservation of sound credits requires the protection of an act guaranteeing equality.

In speaking of this subject, your committee is glad to admit that some of the states had excellent insolvency laws but of course their application was confined to the state which had adopted them. On the other hand, a large majority of the states had laws permitting preferences and other unfair advantages such that few, if any credit men, whose experience dates back to those days, would be willing to see again effective.

The claim is advanced by opponents that the National Bankruptcy Act has encouraged commercial failures. This statement, your committee desires emphatically to take issue with. A careful and accurate comparison of the present day bad-debt losses proportionately with the losses under state insolvency conditions, will point to the fact that the bad-debt loss ratio has declined, due in a measure to the National Bankruptcy Act, as also to the increasing skill in credit management.

Again, the statement is frequently made that the National Bankruptcy Act has encouraged commercial fraud. This, your committee also respectfully denies, for the proportion of failures attributable to fraud and intentional deceit are smaller than in former years, due in the largest measure to the cooperation of creditors for the investigation and prosecution of fraudulent cases. No better opportunity for inquiry into commercial fraud has been offered than the provision of the National Bankruptcy Act, which allows creditors to interrogate bankrupts under oath.

Since the passage of the act in 1898 there have been improvements as new conditions in the credit field and experiences with the law itself demonstrated to be wise. The last amendatory act of any importance was prepared and presented upon the initiative of the National Association of Credit Men in 1910, and since then the Association has not prepared or offered an amendatory bill. With new drifts and currents, however, in the credit field, and with changing

conditions, it has been felt for several years past that further amendments to the act should be sought, and also improvements in the administration of the law.

This latter feature needed no legislative action, and former committees of the Association in cooperation with the National office or the latter acting on its own initiative, has investigated the practices of certain referees in bankruptcy, has solicited certain improvements in administration, and there has clearly come about a stronger sense of responsibility toward the law in the administration of the bankruptcy courts and the practices of the referees.

Unquestionably there rests within the court and with the referee the ability to give stronger interpretations to the act as circumstances might justify, and your committee hopes sincerely that this tendency will increase and the effort become common in all the courts and with all the referees to interpret the law with justice to creditor and debtor through expedition, through withholding discharge if the bankrupt has violated any discharge principle and through the encouragement of prosecutions when criminal features of the law are violated.

A preceding committee, under the chairmanship of W. M. Kennard of New York, organized a conference in New York City for the purpose of recommending amendments to the act, and the conclusions of this committee will be found in the report of the committee to the Pittsburgh convention of 1916.

The committee of last year, under the chairmanship of P. E. Parrott of St. Joseph, held a very interesting conference in Chicago, which resulted in certain recommendations and conclusions which will be found in the report of his committee to the Chicago convention. Following the precedent thus wisely established, and believing the logical time had arrived for some practical effort toward the further amending of the act, your chairman called a conference in the city of Pittsburgh on Monday, April 14, for the purpose of considering the recommendations of former committees and drafting certain amendments to the act that can be based on the recommendations of preceding committees as they were approved by previous conventions.

At this conference there was a small but representative attendance and after spending several hours in a thorough study of the subject, certain conclusions and recommendations resulted which your chairman does not believe it were necessary to relate in this report. The minutes of this conference were not complete as we write. Copies will be available later. It is only necessary to say in this report that the amendments recommended were to enlarge certain criminal provisions of the law, reduce administration costs and require the debtor to come into court with clean hands. The conference recommended that a committee of ten be organized by your chairman, entrusted with the responsibility of preparing an amendatory bill based upon the recommendations and conclusions of the conference, that it should meet in Washington and proceed with its work when the time seemed opportune, but during the period at least of the 66th Congress. Prudence and wisdom will control the procedure of this committee your chairman is quite sure, and no conclusive action will be taken until the officers and directors of the National Association of Credit Men approve of

the amendments that are to be offered, and until they are approved also by the incoming committee and students of the act so far as they are available and can be conveniently interrogated.

No sweeping amendment to the act is contemplated or advised by your committee, but merely the strengthening of certain of its provisions, for not alone have new and novel changes in conditions required these amendments, but judicial interpretation of certain phases of the act have necessitated some amendments and improvements.

Your chairman in concluding this report, would say that he had entered the office rather late in the season, yet with the assistance of the committee has found it a pleasure to study the department. He offers the above report as a genuine and accurate expression of the committee's views and begs to submit the following resolutions:

I

Resolved, that the National Association of Credit Men, in convention assembled, reaffirms its belief in the need of a National Bankruptcy Act to guarantee equality in the administration of estates, and to encourage cooperation, which is the foundation stone of our credit structure. At no period since the enactment of the present law in 1898 has the Association's belief in the protective value of bankruptcy legislation decreased, nor has there been a lack of appreciation of the beneficent part the act has played in the rearing of a broad credit structure.

II

Resolved, that the National Association of Credit Men records as its firm conviction that the statements that the National Bankruptcy Act was intended originally as a temporary measure, and that it has encouraged failures, are without foundation, its conviction being based on a careful analysis and comparison of the failure losses in the respective periods.

III

Resolved, that the further amending of the National Bankruptcy Act, according to the needs of changing conditions in the credit field and as may be indicated by judicial decisions interpreting the act, is wise, this convention believing that the Association should always feel the courage to undertake to mould the law to meet new conditions.

IV

Resolved, that the plans prepared by the committee and presented in its report to this convention for the further amending of the act are hereby confirmed in principle and it is here ordered that the organization of the committee of ten recommended by the Pittsburgh conference be proceeded with, the committee being instructed to prepare and offer an amendatory bill when the logical moment arrives, with the consent and approval of the officers and directors of the National Association of Credit Men and the incoming committee.

V

Resolved, that the thanks of this convention be and are hereby tendered the United States judges and referees in bankruptcy for the increasing interest clearly displayed by them in the interpretation of the act, looking to the conserving of economy and dispatch in the administration of bankruptcy cases arising thereunder.

VI

Resolved, that the thanks of this convention be and are hereby tendered to the Department of Justice for the consideration and courtesy it has shown in matters relating to the administration of the act, especially where suspicion rested that the law was not receiving just and proper application.

Respectfully submitted,

R. E. BELCHER, Chairman, A. S. Krieder & Co., St. Louis, Mo.

VICE-CHAIRMEN

E. C. STINESS, Grosvenor Bldg., Providence, R. I.
 MARTIN MOLL, Granite Bldg., Rochester, N. Y.
 E. F. SHEFFEY, Craddock-Terry Co., Lynchburg, Va.
 H. F. GORDON, Hazel-Atlas Glass Co., Wheeling, W. Va.
 BENJ. F. HEATON, Heaton & Heaton, Fort Wayne, Ind.
 VERNOR HALL, Blair & Hughes Co., Dallas, Texas
 C. O. FINNIE, Oliver Finnie Co., Memphis, Tenn.
 PETER BALKEMA, Trimble Bldg., Sioux City, Iowa.
 E. G. HECKENDORF, Hendrie & Bolthoff Mfg. & Supply Co.
 Denver, Colo.
 N. HALLGREN, Puget Sound Traction, Light & Power Co.,
 Seattle, Wash.

SECRETARY TREGOE—On behalf of the committee chairman, Mr. Belcher, I move the adoption of the report and the resolutions.

The motion was seconded and report and resolutions adopted.

PRESIDENT McCOMAS—The next will be the report of the Chairman on Membership, F. M. Couch of Los Angeles.

MR. COUCH—Before I read to you the resolutions and the report which I have here, I am going to take this opportunity to leave with you a word which I hope will be taken home by each delegate present.

The man who serves for a year as membership chairman comes to know the strong and the weak associations well. He comes to have in his own thought and in his own mind a sincere and deep regard for certain persons in certain associations. Such has been the case with me with a number of the associations which have made the greatest and most magnificent showing during the past year, notably so, New York with that splendid man, Boteler, at its head, Chicago with Shoemaker and Ritter, respectively, president and membership

chairman, Cleveland and Seattle, Worcester and a number of these different associations the country over, which have made splendid showings, and for the officers of which associations I have the most sincere regard. The word that I wish to send back to your associations and the word that I hope will find lodgment down deep in your hearts is this: That the same spirit of consecration, of self-sacrifice and of eternal purpose to work, work, work, and then go out and work still more for your association that has prompted these men and these workers to whom I have referred, I wish might be made universal, and that each one of the delegates here who has had a part in the bringing in of new members for his association this year might resolve right here and now that he will continue this same work for next year; and that those who have done nothing will realize that fact, and go in deep contrition home to their association resolved that it shall not happen again, that they will indeed be among the workers and the live wires at the time of the next convention.

Now this report which I shall read to you I hope may find lodgment in your hearts.

REPORT OF MEMBERSHIP COMMITTEE

To the Officers and Members of the National Association of Credit Men;

GENTLEMEN:

The latest word in medical science is: "An ounce of prevention is worth a pound of cure." The best physician does not wait until the patient's nerves are shot to pieces, vitality destroyed and constitution ruined, and then seek to cure; he endeavors to prevent such wreckage by proper habits of hygiene, and to maintain health, rather than to restore it. In accomplishing his purpose, the physician finds three things are necessary—analysis, diagnosis and prescription. He must analyze his case by ascertaining and classifying the facts relating thereto, and upon that analysis base his diagnosis, which will then give him the foundation for his prescription. Upon the correctness of the analysis and intelligence of the diagnosis will depend the value of the prescription.

The subject of this report is an organization—a living thing; and the report deals with a year of its growth. It is not a sick patient, but a splendidly healthy body. In studying the year's record an effort will be made to analyze existing conditions, diagnose points of strength and weakness, and prescribe (advise) the things making for growth and development.

At the beginning of the year the National Association stood at zenith. Its membership record for the twelve months closing June 1, 1918, was the climax in its history. During that period it had made a net gain of 2,499 and showed a membership of 24,636. The magnificent work of "Bob" Kane and his loyal cohorts had resulted in an unprecedented growth, and the National Committee of 1918-1919 faced a "Noblesse oblige" of tremendous proportions. At the beginning of the current year the shadow of the war-cloud rested everywhere like a pall. Men were marching from business to the

tented field that "Liberty might not perish from the earth." Credit managers dropped the pen, shouldered the rifle, and left their desks—some never to return. The report of changes in representatives that were sent in to the National office were unprecedented. Resignations poured in like a flood. During the year there have been reported in resignations 2,583. Membership activities were in many cases more or less halted by demands upon time of credit men in connection with Liberty Loan and other war work. Then, most paralyzing of all, came the influenza scourge, with its dreadful toll of sickness and death. These conditions were serious, and the Membership Committee faced a complex problem.

To meet the situation, overcome the handicaps, and continue the growth of the Association, the National Committee had, at its disposal the membership organization. It will be well, right here, to give an outline of this system: The country is divided into ten districts, each composed of certain states and associations, and under the care of one of the vice-chairmen of the National Committee. There is also the assignment of territory to the National Officers and Directors. In accordance with the recommendations of the National Committee of last year, a Membership Department has been established in the National office. During the year there was organized the "National Order of Live Wires," embracing National Officers and Directors from 1912, National Membership Vice-Chairmen of present year and one preceding, and all "current members" who would qualify by pledging certain services to the Association. Various degrees, consisting of "Passed Candidate," "Ace," and "Ace of Aces," were conferred proportionate to the number of new members obtained. A "catechism" explaining this Order was distributed and, later, the "Game of Four Thousand" was circulated. The object of the latter was to stimulate effort to reach a net increase of 4,000. In an endeavor to lessen the resignation evil, "Holding Committees" were organized to strive to retain present members.

Gentlemen, we have presented our analysis, depicted our diagnosis, and now we will describe our prescription—in other words, the method through which we endeavored to meet the special difficulties of the year, overcome the heavy resignations, and increase the membership. We may sum it up in the words of Scripture: "They helped every man his neighbor"—cooperation! The figures that we are about to give you in this report will cause you to sit up and take notice, and the great big WHY beneath them is the word just spoken. Contingent upon the presence, or absence, of *cooperation* is the success, or failure, of membership (and all other association) work. The Membership organization was not simply a pretty model. It was a real machine! It had an engine and plenty of "gas." (Ask the chairman—he knows.) Districts *were worked*. Vice-chairmen, National Officers and Directors got after local associations in their districts. The National chairman persistently conducted a nation-wide "correspondence course" in member-getting and member-holding science. The National office Membership Department systematically organized the field along "sales territory" lines, and by personal visitation, correspondence, circularization and the dissemination of informative and stimulating literature, in-

structed, assisted and stimulated associations in the developing of their membership work to the highest degree of efficiency attainable.

What were the returns? "The proof of the pudding is the eating." A system must be judged by the results it shows. The National Association placed before us a goal as the ideal for this year's work. It asked for a net gain of 2,892. We have made a net gain of 4,916, over 19 per cent., almost 20 per cent. It asked for a membership of 27,528. We report a membership of 29,552. During the year we have obtained 7,499 new members. The National Association assigned a goal to each local association: 53 associations have not only reached this goal, but have passed it and thus gone "over the top." To these associations the National Committee extends heartiest greetings and presents them to the National convention as the Honor Roll for the year. They have reached the highest place and stand as the winners in the membership work. The associations that we thus mention, ascribing to them special honor, are:

Albany,	Lehigh Valley
Atlanta	Lincoln
Baltimore	Los Angeles
Billings	Louisville
Bluefield-Graham	Memphis
Boston	Montgomery
Bridgeport	New York
Buffalo	Newark
Burlington	Norfolk
Butte	Northern Montana
Chattanooga	Oklahoma City
Chicago	Parkersburg-Marietta
Cincinnati	Pittsburgh
Clarksburg	Portland
Cleveland	St. Joseph
Dayton	St. Paul
Denver	San Francisco
Detroit	Seattle
El Paso	Sioux Falls
Evansville	Spokane
Fargo	Springfield, Mass.
Fort Wayne	Tacoma
Fort Worth	Tampa
Grand Forks	Terre Haute
Houston	Tulsa
Indianapolis	Worcester

Kalamazoo, Charleston, Wichita and Ottumwa have reached goal. Boise and Springfield, Ill., are within 1 of goal. Minneapolis, New Haven, Pueblo and Salt Lake City are within 2 of goal. The following associations are entitled to honorable mention as having reported a net gain for the year:

Birmingham	Hastings
Boise	Knoxville
Cedar Rapids	Macon
Charleston	Milwaukee
Columbus	Minneapolis
Dallas	Muncie
Decatur	New Haven
Duluth	New Orleans
Fond du Lac	Omaha
Grand Rapids	Paris, Texas

Peoria
Philadelphia
Portsmouth
Pueblo
Reading
Roanoke
Rochester

St. Louis
Salt Lake City
Selma
Springfield, Ill.
Syracuse
Waco
Wheeling

Three new units have been welcomed into the National family. Local associations have been organized at Hastings, Neb.; Portsmouth, Ohio; and Paris, Texas.

Your committee is embarrassed with its riches. So many associations have shown specially meritorious work this year that time forbids the mentioning of all to whom it would be a pleasure to particularly refer. But some such notable achievements have been accomplished that a few moments must be given to noticing same: New York began the year with 1,867 members and closed it with 3,434, thus showing a net gain of 1,567 (83%); Seattle had 341 members last June, and now reports 723, an increase of 382 (112%). Thus the east and west clasp hands in progress. Chicago has gained 643 members this year, showing a total of 2,747. Parkersburg-Marietta has climbed from 31 to 108, a gain of 248%; and Worcester has increased its 78 members to 153, thus showing a gain of 96%. Clarksburg has grown from 91 to 131, a 43% increase; of this membership of 131, 121 have signed up for a three-year period. Buffalo, Baltimore, Detroit, El Paso, San Francisco, Dayton, Boston, Los Angeles, Cleveland, Detroit, Pittsburgh, Evansville, Portland and many others have effected fine results, space forbidding details of same. But it is impossible to enumerate all the associations entitled by their remarkable work to special recognition and reference must be made to the June Membership Report attached hereto for the showing of the splendid gains made by such.

In view of the past year's work, its difficulties, its efforts and its results, your committee makes the following observations:

1. The essentially determining factor in the success or failure of membership work is the local worker. Upon the local president, secretary, chairman of membership committee, and their associates rests the ultimate responsibility for the success or failure of their membership field.

2. Intensive work is demanded. There must be system and organization. A correct and up-to-date file of prospectives should be maintained. A definite goal should be set. Thorough follow-up work is needed. Membership activity should begin early in the year and continue through it. Properly organized and conducted special membership campaigns are valuable and effective and the associations that have used such methods have achieved the greatest successes. Get-together meetings of workers—such as luncheons, etc.—are very helpful.

3. A Membership Department in the National office is vital to the proper development of the general membership work. The Monthly Tabulated Membership Report should be issued regularly and sent to all associations.

4. The present system of districting the field and placing the several divisions under charge of the vice-chairmen of the Member-

ship Committee and the National Officers and Directors is an excellent arrangement and should be continued.

5. Special attention should be given to retention of present members and prevention of resignations. To this end Holding Committees should be appointed in every local association, whose duties shall be to instruct and interest present members and anticipate and prevent resignations. These committees should be in close touch with the membership committees, and, where deemed advisable, they could be a department of the latter.

Looking back over the year's work, your committee desires to express its sincere appreciation and heartfelt gratitude for the spirit of cooperation and service shown by those who, by their loyalty and efficiency, have made possible the figures presented in this report. And it would recognize especially the valued cooperation of the National Officers and Directors in their care of the districts placed under their supervision.

In conclusion, we respectfully submit the following resolutions:

I

Resolved, that the National Association of Credit Men, in convention assembled, expresses its recognition of the splendid work accomplished by the presidents, secretaries and chairmen of membership committees of the local associations—a work that has placed the membership of the National Association beyond the 29,000 mark.

II

Resolved, that this convention urge the local associations to specialize in intensive work, basing such on system and organization, and effecting such by a continued effort during the year. Membership campaigns conducted along prepared and organized lines are heartily recommended and associations are encouraged to carry on same.

III

Resolved, that this convention approves the maintenance of a Membership Department in the National office and regards such as necessary to the proper care of the membership field.

IV

Resolved, that this convention endorses the present system of districting the membership territory to the vice-chairmen of the National Committee and the National Officers and Directors.

V

Resolved, that the National Association of Credit Men, in convention assembled, recognizing the great number of new members recently received, most earnestly urges special attention and effort toward the holding of all such—and all other members—and recommends especial effort in instructing members in ways in which their membership may be made of value, and in interesting them in some

definite work for the association. Holding committees, and all other means for the prevention of resignations are strongly recommended.

Respectfully submitted,

F. M. COUCH, Chairman, Los Angeles, Calif.

VICE-CHAIRMEN

WALTER C. MITCHELL, Boston, Mass.

M. T. FLEISHER, Philadelphia, Pa.

J. H. L. JANSEN, Atlanta, Ga.

P. B. THOMPSON, Toledo, Ohio.

R. H. MYERS, Chicago, Ill.

T. J. KAVANAUGH, St. Louis, Mo.

R. A. SPICER, Memphis, Tenn.

E. R. LUCAS, Des Moines, Iowa.

W. F. COURTNEY, Denver, Col.

E. C. GAYMAN, San Francisco, Calif.

MEMBERSHIP BY LOCAL ASSOCIATIONS

	June 1, 1918	Added	Resigned	June 1, 1919
Albany, N. Y.	58	22	3	77
Atlanta, Ga.	181	80	29	232
Augusta, Ga.	36	...	...	36
Austin, Texas	18	...	...	18
Baltimore, Md.	580	168	42	706
Billings, Mont.	22	8	1	29
Birmingham, Ala.	68	8	...	76
Bluefield-Graham, W. Va.	37	12	3	46
Boise, Idaho	36	7	4	39
Boston, Mass.	771	124	29	866
Bridgeport, Conn.	91	23	2	112
Bristol, Va.-Tenn.	49	1	2	48
Buffalo, N. Y.	407	110	90	427
Burlington, Vt.	47	17	14	50
Butte, Mont.	37	4	...	41
Cedar Rapids, Ia.	52	4	1	55
Charleston, W. Va.	147	39	21	165
Chattanooga, Tenn.	122	24	4	142
Chicago, Ill.	2,104	885	242	2,747
Cincinnati, Ohio	443	131	59	515
Clarksburg, W. Va.	91	62	22	131
Cleveland, Ohio	1,105	208	85	1,228
Columbia, S. C.	17	...	...	17
Columbus, Ohio	160	34	22	172
Dallas, Texas	167	52	45	174
Davenport, Iowa	54	5	7	52
Dayton, Ohio	109	77	13	173
Decatur, Ill.	26	2	...	28
Denver, Colo.	146	44	7	183
Des Moines, Iowa	140	11	23	128
Detroit, Mich.	505	228	52	681
Duluth, Minn.	86	9	6	89
El Paso, Texas	36	24	...	60
Evansville, Ind.	134	36	7	163
Fargo, N. D.	51	9	4	56
Fond du Lac, Wis.	28	3	1	30
Ft. Smith, Ark.	22	3	4	21
Ft. Wayne, Ind.	125	27	6	146
Ft. Worth, Texas	87	23	9	101
Grand Forks, N. D.	38	10	2	46
Grand Rapids, Mich.	276	21	15	282
Green Bay, Wis.	122	122
Harrisburg, Pa.	31	3	9	25
Hartford, Conn.	95	1	3	93

MEMBERSHIP

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	June 1, 1918	Added	Resigned	June 1, 1919
Hastings, Nebr.	12	12	...	12
Helena, Mont.	11	11
Houston, Texas	56	21	2	75
Huntington, W. Va.	219	49	89	179
Indianapolis, Ind.	404	57	6	455
Jacksonville, Fla.	76	4	23	57
Kalamazoo, Mich.	56	13	4	65
Kansas City, Mo.	507	69	84	492
Knoxville, Tenn.	89	17	11	95
Lansing, Mich.	34	5	11	28
Lehigh Valley Assn.	58	24	7	75
Lexington, Ky.	39	...	10	29
Lincoln, Nebr.	77	30	6	101
Little Rock, Ark.	37	...	...	37
Los Angeles, Cal.	695	165	53	807
Louisville, Ky.	213	66	37	242
Lynchburg, Va.	38	...	3	35
Macon, Ga.	27	4	1	30
Memphis, Tenn.	346	92	50	388
Milwaukee, Wis.	586	77	73	590
Minneapolis, Minn.	410	78	40	448
Montgomery, Ala.	30	12	4	38
Muncie, Ind.	45	3	22	26
Nashville, Tenn.	95	...	...	95
Newark, N. J.	426	77	21	482
New Castle, Pa.	24	...	1	23
New Haven, Conn.	109	11	2	118
New Orleans, La.	369	26	25	370
New York, N. Y.	1,867	1,687	120	3,434
Norfolk, Va.	155	63	34	184
Northern Montana Assn.	36	15	1	50
Oklahoma City, Okla.	109	32	7	134
Omaha, Nebr.	103	21	9	115
Oshkosh, Wis.	51	3	14	40
Ottumwa, Iowa	37	9	1	45
Paducah, Ky.	20	...	1	19
Paris, Texas ....	...	25	...	25
Parkersburg-Marietta	31	80	3	108
Peoria, Ill.	82	16	10	88
Philadelphia, Pa.	905	176	53	1,028
Pittsburgh, Pa.	1,046	313	133	1,226
Portland, Ore.	206	100	61	245
Portsmouth, Ohio ....	...	38	...	38
Providence, R. I.	197	6	9	194
Pueblo, Colo.	16	3	1	18
Quincy, Ill.	38	1	2	37
Reading, Pa.	28	2	...	30
Richmond, Va.	185	18	30	173
Roanoke, Va.	40	3	1	42
Rochester, N. Y.	272	8	7	273
Rockford, Ill.	51	6	20	37
Saginaw, Mich.	69	...	2	67
St. Joseph, Mo.	106	27	3	130
St. Louis, Mo.	1,009	193	141	1,061
St. Paul, Minn.	343	84	36	391
Salt Lake City, Utah	121	17	10	128
San Antonio, Texas	37	...	...	37
San Diego, Cal.	28	...	...	28
San Francisco, Cal.	273	207	13	467
Savannah, Ga.	66	9	18	57
Seattle, Wash.	341	413	31	723
Selma, Ala.	24	2	1	25
Sioux City, Iowa	84	7	20	71
Sioux Falls, S. D.	52	17	8	61
South Bend, Ind.	83	2	26	59

	June 1, 1918	Added	Resigned	June 1, 1919
Spokane, Wash.	104	17	10	111
Springfield, Ill.	31	15	7	39
Springfield, Mass.	56	38	...	94
Syracuse, N. Y.	102	24	13	113
Tacoma, Wash.	91	20	8	103
Tampa, Fla.	30	18	6	42
Terre Haute, Ind.	40	19	...	59
Toledo, Ohio	255	34	56	233
Tulsa, Okla.	26	17	6	37
Utica, N. Y.	109	6	6	109
Waco, Tex.	45	17	10	46
Washington, D. C.	90	13	21	82
Waterloo, Iowa	54	1	12	43
Wheeling, W. Va.	94	15	...	109
Wichita, Kans.	132	31	18	145
Wilkes-Barre, Pa.	39	2	4	37
Wilmington, N. C.	20	...	...	20
Worcester, Mass.	78	84	9	153
Youngstown, Ohio	154	11	19	146
Individual	942	43	73	912
	24,636	7,499	2,583	29,552

Scale Showing the Growth of the Association
(Figures are given at the time of annual conventions.)

	Gain Over Previous Year
1896	600
1897	1,591 991
1898	2,332 741
1899	2,539 207
1900	3,006 467
1901	3,572 566
1902	4,004 432
1903	4,554 550
1904	5,327 773
1905	6,061 734
1906	7,509 1,448
1907	8,647 1,138
1908	9,791 1,144
1909	11,185 1,394
1910	12,796 1,611
1911	14,424 1,628
1912	15,845 1,421
1913	17,145 1,300
1914	18,497 1,352
1915	19,284 787
1916	20,780 1,496
1917	22,137 1,357
1918	24,636 2,499
1919	29,552 4,916

MR. COUCH—I move the adoption of this report and the resolutions.

...

PRESIDENT MCOMAS—You have heard the report of the Committee on Membership, and the reading of the resolutions. Has Mr. Couch's motion been seconded? He moves their adoption.

Seconded. Carried.

PRESIDENT MCOMAS—Is there any discussion that you would like in regard to this membership matter? Does anybody want to say anything from the floor?

Before we proceed, Mr. Couch, I want to say to you that on behalf of this organization we greatly appreciate the work which you have done for us. You have laid down a plan, you have laid down a selling plan whereby a credit man can go out and say to another credit man, "This is the thing we want to sell to you; this is the membership; this is what it means, this is what it does." You have taught us how to organize ourselves into teams; you have spread this propaganda throughout the membership and as a result we have to-day this great membership. I think you are entitled to more credit than anybody else for this great result.

I would like to tell a joke now at the expense of Mr. Couch. He likes a joke on himself as well as any one. You know Mr. Couch is a pretty good letter writer. He writes four letters at once and then he dates them ahead four or five days and he says to the stenographers, "Shoot them every five days until I get an answer, and if it does not get a reply the last time, telegraph." The chairman of a certain membership committee had a drive on. He had been pretty busy and these letters kept coming and coming and coming, and so finally he rolled up a big membership, and here came letters from Mr. Couch, letters from Mr. Couch, letters from Mr. Couch, telegrams from Mr. Couch, and some more telegrams. So finally, when he got his membership up to a hundred, he knew that he was an ace of aces and he said, "Now telegraph that ass of asses that I have a hundred members and put it on the list."

Mr. Couch, it is a great pleasure, indeed, to me to present to you at this time, on behalf of this Association, a little token which we hope you will wear and cherish, and when you see it, and when in the morning you tie your necktie and place this pin therein, remember this noble bunch of fellows, remember the order of live wires which you have organized here, and remember that every one of them is for you.

MR. COUCH—I just want to ask a question and before I ask that question, I want to say that I was present at the Salt Lake convention some years ago, when Mr. Tregoe received a piece of jewelry. Mr. Tregoe looked at it like this for a moment and then said, "Gentlemen, I am flabbergasted." And I feel something as Mr. Tregoe did at the Salt Lake convention. But I want to ask this very pertinent question: Who would not organize the national order of live wires if it took in a bunch of men such as this here?

PRESIDENT MCOMAS—The next order of business is the awarding of the Membership Trophy.

W. L. McWHORTER, Nashville—I apprehend that I had better get all the cheering that is coming to our committee before this report is read. We may get brickbats and something else after it is read.

Mr. McWhorter then presented the decision of the Trophy Committee that the Membership Cup for the best work in membership for the year should go to the New York association.

PRESIDENT MCCOMAS—You have heard the report of the Committee on Award of the Trophy Membership, and it has been awarded to the New York association, which accepts this prize. I see a very large gentleman sitting there in the rear who purposely avoids me. Mr. Boteler, will you step forward and get this trophy, or shall I ask the sergeant-at-arms to bring you?

A special committee conducted Mr. Boteler to the platform.

MR. BOTELER—I am not affected particularly by the presentation of the cup, but I had to sleep in an upper berth on the trip up, and I can scarcely speak above a whisper. I ordinarily have a voice that can be heard almost any place, but I can't do either the occasion justice, or myself, to-day.

Of course, New York City has made a tremendous effort, not with the idea of a reward, but with the idea that we were doing the people of New York a very great service when we called their attention to what we were doing for them. We have said to people time and time again, "We are not thinking of the \$18, we are not thinking of anything except this: That we are doing the entire community a great service, and that you have no business to be staying on the side lines getting the benefits while the others do the work. Now, come and get into the game." That has been the New York argument—"Get into the game, don't stand on the sidelines and take the benefits of other people's hard work."

Of course there was no very great difficulty to show them where participation in the work would not only liven their own souls and spirits, and make them a great many friends, but would be of benefit to the association, and benefit to the National Association. There was no difficulty about that. The fact is, there was no difficulty about the work at all. I simply got a few fellows together, and I can best explain what they did by telling the story I told before of the big Irish blacksmith about my size, and "full half as homely," as Kipling says, who was arrested for beating a fellow up. The magistrate said to him, "I don't understand. What in the world did you beat this fellow up for, there was no quarrel or anything?" And the Irishman said, "I'll tell you, I knew well I could lick him, and I just felt as if I had to beat somebody up, and I just went and done it."

Now, New York just knew that she could do it, she just felt like doing it, and she just went right out and did it. I haven't any other reason to offer for the big gain in New York, except that we knew we could do it, we had a big field there, and we went and did it. It would be manifestly unfair, however, for me to omit a reference to the very remarkable bunch of men who did it. Some of the most active men, indeed, were the bank men. I happen to be looking right now at a man who brought in ninety odd members.

If my eyesight was as good as it was thirty or forty years ago, I could probably see one who brought in eight-two members, and others who brought in sixty and fifty. Forty-six brought in an average of thirty-five members a piece. They simply went out into the highways and byways and compelled them to come in.

Now, I am here to pay a tribute to the men who did the work. I do not hesitate to say that I simply happened to be president when it all occurred. And another thing that I am here for is to express New York's great appreciation of the high intelligence of the committee that awarded that cup to us. I will let the other fellow throw bricks, I have covered the committee with an armor that will amply protect them. I thank the committee and the Association for giving us temporary possession of that very beautiful trophy. There is no question but that New York will feel immensely pleased at receiving the trophy. It does not make any difference how splendid a man is and how modest he is; a public recognition of what he has done is a mighty fine thing for his spirit. He likes to be recognized. Everybody likes a pat on the back. New York immensely appreciates what you have done for us.

PRESIDENT MCCOMAS—Are you for New York and Boteler? If you are—— (Loud hurrahs.)

J. J. O'REILLY, Seattle—Seattle, with the magnificent membership increase of 112 per cent. wishes emphatically and enthusiastically and unanimously to second and commend the decision of the award of this trophy to New York, and the city on Puget Sound in the far northwest extends the glad hand to good old New York.

E. H. WIGGINTON, Marietta—We want to join with Seattle in congratulating the committee and in congratulating New York on the award of this cup. At the same time, I feel I would be doing an injustice to the boys who worked in our Twin Cities if I did not register more or less a protest. We show a gain of 248 per cent. New York shows a gain of 120 per cent. We have a combined population of 35,000 to work on; New York has, I don't know how many millions. But, nevertheless, I feel certain that we worked as hard as they possibly could in New York. Our field was limited, but at the same time we don't want to be poor losers. Now, I suggest that we give them three cheers. All in favor of three cheers for Ohio—(cheers). Now, let us give three cheers for Worcester—(cheers).

E. H. JAYNES—I desire in behalf of the Committee on Resolutions to offer additional proposals for your consideration.

I

WHEREAS, the United States Railroad Administration has announced largely reduced convention rates for delegates attending certain classes of conventions, religious, charitable, fraternal, and educational, and in so doing directly discriminated against such organizations as the National Association of Credit Men, American Bankers' Association, and similar organizations of national scope.

Be It Resolved, that we here enter our emphatic protest against such discrimination, insisting that it is unjustifiable for the reason

that this Association is, as are many other business associations of national scope, exerting a highly constructive influence upon American commerce, and that our conventions are important educational factors for better business, and in addition tend to bind the business men of the country into closer social and business fellowship, thus making for a safer country and cleaner business.

Resolved, that the secretary of this Association be instructed to forward a copy of this protest to the United States Railroad Administration.

The adoption of the resolution was regularly moved, seconded and carried.

MR. JAYNES—The author of the resolution that I am about to read is the Honorable Paul M. Warburg.

II

WHEREAS, it is evident that national-wide economy and thrift is necessary to reduce the burden of inflated prices and high taxation, and

WHEREAS, this economy must be practised not only by the individual but by the Government also, and

WHEREAS, it is a matter of common knowledge that the present financial methods of the government are inadequate, that neither in Congress nor in the Executive Department is there a proper co-ordination of expenditures and a proper correlation with the receipts of the government; now therefore be it

Resolved, that this convention favors the adoption of a National Budget system providing for an expert non-partisan staff or board, which could examine for the President the budgets of the various department and bureaus, pare down unessential expenditures in such manner as to bring the total expenditures as far as practicable within the scope of the income to be raised, without placing a new burden upon the people; and be it further

Resolved, that Congress be urged to modify its present rules and to readjust its committees in such way as to render possible a dealing with the budget as a whole, and to prevent appropriations not provided for in the General Budget being dealt with except by individual bills; and be it further

Resolved, that the President of the Association be authorized to appoint a special committee on the National Budget, whose duty will be to give close attention to the adoption of the budget method in our Federal Government affairs, and to take part in whatever campaign for the passage of appropriate legislation seems desirable.

Motion to adopt resolution made, seconded and carried.

III

Resolved, by the National Association of Credit Men, in convention assembled, that the local associations and members in general be called upon to exert their fullest influence to impress upon the small bond holders of our country, numbering now millions of our citizens, the necessity of holding their bonds, even though it

requires sacrifice and self-denial to do so, and that they join with the government and other agencies in an endeavor to defeat the purposes of those low enemies of sound society who, taking advantage of ignorance and temporary distress, are doing all in their power to separate the small holders from their bonds at heavy discounts; and Be It Further

Resolved, that the Association lend its cordial cooperation to the Treasury Department in forwarding the sale of our War Savings or Thrift Stamps, affording, as they do, a highly scientific method of saving, and an opportunity without sacrifice to help the government meet the after-the-war obligations.

The adoption of the resolutions were regularly moved, seconded and carried.

IV

The war has given to the American business man a new view of the world outside, and the privilege, and indeed duty that is his to help his country take part in the world trade. This Association rejoices in the new facilities that have come to the United States in entering upon foreign business—an adequate and adaptable banking system—incomparable credit power—facilities of manufacturing and production far beyond our domestic requirements—and let us hope an increased respect and confidence throughout the world in our ideals and sense of square play. The Association here goes on record as urging the fullest development of our power in the foreign trade, and especially desires to impress upon Congress and the Administration the advantage and necessity of encouraging the building up of a first-class merchant marine privately owned, with all restrictions that hitherto have kept our flag off distant seas, removed, so that products marked U. S. A. will find their way financed by American credits, carried in American bottoms, and facilitated by an ably conducted commercial attaché system into every profitable market in the world. And we further urge upon Congress that it give consideration to the development of American investments abroad, to the end that the waste places of the world, rich potentially, but at present unproductive by reason of lack of credit facilities, may be made to do their part in supplying the wants of mankind.

Resolution adopted unanimously.

V

Urging consistently, as has the National Association of Credit Men, the importance of the personal relationship between seller and buyer, from the time when the account is opened until it is closed, and further, that the work of the credit grantor is quite as much the building up of good merchants and business men as the weighing of evidence gathered to determine the advisability of entering into an account, this convention cannot but feel that a serious departure from these purposes has been made in the development of the so-called credit checking system, which aims to determine for its subscribers whether or not an order shall be filled; that such a system is clearly destructive of that relationship between buyer and seller which this Association stands for; that the tendency will be to bring

back that demarcation between creditor and debtor class, which the Association has fought against; and further, that by the very fact of transferring the credit checking of many houses to one office, a new adjustment danger is introduced, so that the temporarily embarrassed debtor will not receive that consideration and help that is most likely to be applied where no intermediate credit checking system is used, and where one credit grantor can, without let or hindrance, and as appears to his best interest, cooperate freely with all others in working out an adjustment that is best for the debtor and his creditors.

J. W. CHILTON, St. Louis—It occurs to me as manifestly unfair to frame and adopt a resolution of this nature which points directly at a certain well-known enterprise—which incidentally I have the honor to represent.

PRESIDENT McCOMAS—Mr. Chilton, you are a delegate, are you not?

MR. CHILTON—I am not a delegate

MEMBER—Mr. Chilton was connected with the St. Louis bureau for some time, and is now in the service of the Credit Clearing House. He is not a delegate. The question of his proceeding is for you or the convention to decide.

PRESIDENT McCOMAS—If there are no objections, you may proceed, but I will ask you to confine your remarks to three or four minutes.

MR. CHILTON—The Credit Clearing House is willing to play its cards face up in each and every case, and I feel that in considering this resolution we are entitled to the same consideration in the hands of the authors of the resolution. I believe I am safe in saying that there is not one man in ten in the convention hall this afternoon who understands just what this proposition means.

The Credit Clearing House is not attempting in any way to assume credit control; they have but one aim in view, and that is to gather to-day's information, the latest possible credit facts, lay them before the interested creditors, and to assist in every way the extension of credit. That is our aim—to assist and aid, and not to take the credit man's place.

I. D. KINGSBURY, Rochester—May I say just one word, touching on this resolution? I was quite astonished that the committee should have presented a resolution of this sort. I have been testing out the work of the Credit Clearing House in so-called credit checking. I have one of their contracts, and I have failed to discover anything that that contract contains that would interfere with my free judgment in passing on the account. I use it to a very limited extent, just as an experiment to see what it would do. Personally, I believe that this subject ought to be more carefully considered by the Committee on Credit Department Methods, rather than to pass it here, where we have not the time or the opportunity to investigate a new proposition.

PRESIDENT McCOMAS—Apparently, no reference has been made here to the Credit Clearing House, and if you would like, we will have the chairman read that resolution again.

The secretary again read the resolution.
Vote was then taken and the resolution adopted.

VI

Resolved, that the National Association of Credit Men, in convention assembled, learns with interest of the plan of the Young Men's Christian Association for a Thrift Week set for January, 1920, in which it is intended to bring home to the individual citizen, and particularly to our young men, the value of thrift, of owning one's own home, of making a will, home economy, as well as the moral obligation of paying one's debts and keeping a clean slate; and, be it further

Resolved, that the appointment of a committee to be known as the Credit Men Pay-Up Day Committee be authorized, said committee to decide, in conjunction with the Y. M. C. A. Committee how it can best serve in making the proposed Thrift Week as effective as possible throughout the nation.

Adopted.

VII

Resolved, that the secretary of the Association be requested to forward to each of the speakers who have taken part in making the successful program of this convention, our cordial expression of thanks both for their presence and for their inspiring and instructive messages, which we are glad to make a part of the records of this convention.

Adopted.

VIII

Resolved, that the National Association of Credit Men, in convention assembled, not unmindful of the loyal services rendered always with ready response by all its officers, directors, and committees, throughout the year, takes this occasion to extend its sincere thanks to them, at the same time remembering that the Association is not dependent for its progress alone upon those who are especially called to official positions, but quite as truly upon that great body of members in the ranks, who, whenever opportunity affords, responds with all enthusiasm and alacrity to the Association's call for service.

Adopted.

IX

Resolved, that we extend to the trade reviews and press of the country in general, our appreciation of their courteous treatment in bringing before the public the purposes of this Association and its method of work; and particularly to the daily papers of the city of Detroit, we offer our acknowledgments for the prominence they have given the meetings of this Association in their columns.

Adopted.

X

WHEREAS, the Daily News Record of New York, following its long-established custom, has published during the year much con-

structive news of interest to the credit grantors of the nation; has reflected the activities of the local branches of the National Association of Credit Men, and has again reported in considerable detail the proceedings of this convention; therefore be it

Resolved, that the National Association of Credit Men, in convention assembled, again record its appreciation of the Daily News Record for its constructive credit news service and for the work of its representatives in reporting the annual conventions.

Adopted.

XI

The records of this truly great annual convention would be incomplete were they to fail to take notice of the important part the ladies have played in making the Detroit convention memorable in the annals of our organization. Never has there been finer cordiality, or more readiness and eagerness to have the visitors who poured in on them from all sides get the best that Detroit beautiful had to give them than was exhibited by Mrs. Petzold and her able fellow-chairmen, and for it all, we extend our thanks, assuring them that most of what we have in our hearts to say will have to go unuttered for lack of ability to find satisfactory words. As we return to our homes, we shall often recall with deep pleasure the graciousness of the ladies of Detroit, and the part they took in making this the greatest convention ever held.

Adopted by rising vote.

XII

During the past four days, while we have been the guests of the Detroit Association of Credit Men, we have been getting an insight into the hospitality of this great city, and have found its people as warm, generous and sincere as they have proved themselves great industrially and commercially. We have found a city prepared for our coming and glad we came; determined that we should enjoy her very best while here and carry with us pleasant memories of this delightful sojourn. The Detroit association has certainly neglected nothing which might help to make this convention a success. Every detail which would mean something for the smooth working of the convention, or the pleasure and comfort of the guests has been worked out with infinite care, all of which has made it possible for the convention to put through without hitch or annoyance an unusually heavy business program.

It is with pleasure that we, therefore, now resolve that we here express our sincere appreciation of the effort of the Detroit association in making this convention one long to be remembered for that which has been accomplished, for the opportunity for delightful fellowship, and further opportunity of becoming acquainted with this great city "where life is worth living"; and we further resolve that we shall return to our homes, each and all, cherishing within our hearts a deep sense of gratitude for all that has been done for us by the able officers, committees and men and women of the Detroit association.

Adopted unanimously.

XIII

Resolved, that we take opportunity in this meeting, held almost within call of the Canadian shore, to extend greetings to the representatives of the Canadian Credit Men's Association, who are attending this convention, and to express the hope that the comity and exchange of courtesies that has always prevailed between our two associations may continue; and that we shall always seek ways and means of helping each other. As we have admired each other's qualities of heart and brawn as we stood side by side in the battles across the sea, so may we always here have cause to admire each other in the peaceful pursuits of business and work more and more to bring to fruition common purposes, though under distinct political governments. We are glad our two nations have, through all the years, been free from war, or even the threatening of war, and rejoice in the secure feeling that no force can destroy our established friendship.

Adopted with enthusiasm.

XIV

Last year at this hour the nation was in its place in France, fighting the greatest battles for freedom that the world has witnessed; to-day we stand devoutly thankful that we have reached the end of that terrific battle of arms, and are earnestly endeavoring to settle upon terms that will, as we hope, free the world from some of the causes of war that hung like a threatening storm-cloud over us for years before the conflict. For victory magnificent, hastened, perhaps by years, through the weight of our arms, we lift our voices in praise, but we should remember now in all humility that the victory calls for a new consecration not of the nation alone, that it shall extend to wounded, poverty-stricken nations the hand of encouragement and strength, but a new consecration of the nation's men and women that each shall individually recognize his responsibility, first to his country, and through it to the world that looks to us for assistance, that the ideals we carried into the fight shall be maintained clear, sharp and true in a new era; further, that we are called upon to make our lives, our daily lives, our business lives, our every act and word an influence related constructively to the world at large, and particularly, that we examine our business policies to make certain and sure that they are controlled by the long look ahead, the greatest good for the greatest number, and not the short view, or the spirit which says, "Let the future take care of itself."

Shall American business take and hold the leadership in the intelligence of its guidance and the nobility of its ideals? The National Association of Credit Men will help give the right answer, if it be true to its ideals and faithful to its long-established leadership. In this direction lies the best assurance of victory, permanent and sure.

Adopted.

E. S. LEWIS, Philadelphia—I have had the privilege for years of attending various bankers' conventions and trade conventions, and I thought we had in the bankers' convention a pretty live event. This has been the first time I have ever been honored as a

delegate to the Credit Men's Association, and the meeting and the spirit shown is a revelation. I will go home and any time that my association wants me to act as a delegate I shall certainly consider it the most important piece of business I can do for Philadelphia.

PRESIDENT MCOMAS—The time has arrived for some important business. We will now proceed to the nomination and election of president and vice-president of this Association. I will recognize Chas. D. Joyce of Philadelphia.

MR. JOYCE—With the work of the closing year still unfinished, the labor of the new year now begins, and our first task is to select for the coming work a leader. At any time such a task is of great importance, but at the present time it assumes colossal and momentous proportions. A man to head an organization of thirty thousand members, the largest trade body in the world, with a membership composed of the great commercial interests of the greatest commercial country in the world, a membership comprising as it does the leading manufacturing, banking and wholesale businesses of the entire nation—the task of selecting a man to preside over such an association is one to be approached only with gravity and deepest consideration, especially when we remember that this readjustment period through which we are now passing conceals problems of unknown perplexities, problems which must be successfully solved. For several months past our country has been engaged with international problems, but soon, very soon, I hope, the attention of both our government and our people will be turned to the solving of these great domestic questions which we all know to exist, and in the proper solution of which we are all so vitally interested.

The business interests of this country surrendered cheerfully, I believe, rights and privileges which it had enjoyed unchallenged and untrammelled ever since the birth of the Republic. These rights and these privileges, Mr. President, should and must be returned and the governmental restrictions placed upon American initiative must be removed. Business must be unshackled.

The membership of this Association individually and collectively very rightfully expect more of the man chosen to lead than they have ever expected of any of his predecessors. I will, in a moment, present for your consideration the name of a man whom I think can be safely entrusted with the helm of our ship of state. He is a man whom you have tried out in every phase of your work. This man was one of the charter members of his local association and served faithfully in the ranks until he was called to assume the leadership of that association, which he did with grace and efficiency. Your National office ever on the lookout for ability, drafted him, and he has served on its committees as member and chairman. He has been selected by past presidents to head special committees, appointed to handle delicate and unexpected situations; he has served on the Board of Directors of the National Association and as first vice-president—the second honor within your power to bestow. All the work assigned him has been performed not only promptly and carefully, but with an efficiency which has marked him as a man of unusual judgment and discretion. Some of the most vexing and perplexing problems have been turned over to him

for solution and in every case he has cut the Gordian knot. And no man has occupied the presidency of this Association in the past who has been so thoroughly tried out as has been this man. We need not fear, my friends, that he will destroy the statues already erected in our Hall of Fame, but he will enlarge the doorway, so that even greater monuments may be placed therein. He will find new standards for usefulness; there is a limit to our achievements, but none to our attempts.

In selecting your leaders, be guided by service. Other qualities may be clouded by conceit and jealousy, but service must remain paramount and untarnished. Conveying, as it does, the double blessing of pattern and power, this man's whole career has been one of honorable service in his whole life, which it is my pleasure to know. He is loving, gentle and a corner brightener, with faith in his eye and a belief in the to-morrow.

Fellow delegates, I ask your votes for this man, and if you elect him, I ask your support and your cooperation; give him these and he will give to you a splendid and useful administration. Mr. President, I desire to present for the consideration of this convention the name of Curtis R. Burnett of Newark for the office of president for the ensuing year.

PRESIDENT McCOMAS—The name of Curtis R. Burnett of Newark has been presented as a candidate for president of this Association for the ensuing year. The chair recognizes A. B. Underwood of Newark.

MR. UNDERWOOD—The Newark association appreciates the honor which I believe you will confer upon our candidate, Mr. Burnett. We know you will never regret doing so, and at the expiration of the year you will say that no mistake was made in the selection of Mr. Burnett. He has been honored by his own city, for he has been president of the Board of Trade; he has been invited to become head of the New Jersey State Chamber of Commerce and has served in many other capacities. I second the nomination of Mr. Burnett.

W. L. DOBBINS, Rochester—Rochester most heartily seconds this nomination.

H. H. HUMPHREY, Boston—It is a pleasure for me to stand here at this time, and on behalf of the New England associations, second the nomination of this man who is so highly qualified, and so eminently and so justly entitled to receive this honor, and I second the nomination of Curtis R. Burnett.

BROWN FREAS SNYDER, Philadelphia—In rising to second the nomination of Mr. Burnett, I do not do so as any mere formal expression, but to state the appreciation of the Philadelphia delegation for the work which Mr. Burnett has done during the past year with the eastern associations, for the many courtesies he has shown to the Philadelphia association in his occasional visits, and as an expression of my personal appreciation in that as chairman of the Investigation and Prosecution Committee I have been permitted to carry on and reap the benefits of the work which he founded and so ably started. I am honored in being permitted to second the nomination of Mr. Burnett.

A. LANDAUER, Milwaukee—I move that the nominations be now closed, and that the secretary be instructed to cast a ballot for Mr. Burnett for president for the ensuing year.

Seconded and carried.

PRESIDENT McCOMAS—Mr. Secretary, you are instructed to cast the unanimous vote of this convention for Curtis R. Burnett for president for the ensuing year.

SECRETARY TREGOE—Mr. President, it gives me great pleasure to cast the unanimous ballot of this convention for Curtis R. Burnett of Newark for president of this organization for the ensuing year.

PRESIDENT McCOMAS—I declare Curtis R. Burnett elected president of this organization, and I will ask Charles Biggs and Samuel Mayer to escort him to the platform.

It gives me great pleasure to announce to you the candidate whom you have elected. Now, Mr. Burnett, permit me to say that you have received the unanimous vote of this convention as president for the ensuing year.

MR. BURNETT—This is a serious moment for me, because while I thank you sincerely for the confidence that you have displayed in selecting me for this office, I, on the other hand, fully appreciate its responsibilities. If I may use as an illustration a simile, let it be this: Each year this organization builds a vessel, and she has been building it for many years, but during the last twelve months the artisans have labored hard and well, and at the dock at this moment stands the Leviathan, and when you ask a mere man to take charge of a vessel of that sort, to be, as it were, its captain and pilot, he cannot do the work alone.

Therefore, in accepting this office, I am going to require a pledge from you. The work is not new, I have been a passenger on these vessels for twelve or thirteen years; I have been with the officers at times, but it is not so easy now as it has been, because I have had some one to look up to. I don't intend or expect to look down on any of the others, but I want them lined up on the bridge with me. Therefore, not only in the officers and directors whom you will elect this afternoon will we have a full complement for that vessel, but we need thirty thousand good sailors, men who are fearless, because we have an important cargo to carry. You have been loading that cargo for the last four days in the addresses, and in the talks, and in the papers that have been given from this platform; you have heard, and you know what is going on that ship. We have problems.

Probably this next year is going to be the crucial year in this Association, but we approach it with absolute confidence. This Association is careful in what it does. Its plans are thought out and well matured before any attempt is made to carry them into effect. And if I may have your assurance here and now that you will go with me during the next twelve months, that you will respond to the call from the National office, the National officers and directors, and your own officers and directors all over this country, I am positive that we will bring the Leviathan back next June to a safe harbor.

I thank you sincerely for this trust.

MR. McCOMAS—As I deliver to you this gavel, this emblem of your power and authority, I feel all confidence and all assurance in your ability to carry on the work of this organization in the way in which it should be. But, as I hand this to you, I ask you to remember that this is the gavel that President Cannon, that President Gettys and that President Salisbury wielded over these audiences, and conduct yourself accordingly. I present it to you, Mr. President.

MR. HIGINBOTHAM—I have been speaking to the convention; now I would like to speak for the convention for a few moments.

The wonderful climate of California, about which we hear so little, would not avail very much if it merely were congenial, and pleasant, and warm, if it did not kiss into life the marvelous fruit of California, the genial and sunny and happy disposition of our retiring president—when I use the word “retiring” in connection with the Californian, you will know how to qualify it properly—it would not mean much to us were he merely a mixer, but he has had the ability to bring to fruit during his administration the greatest results ever achieved in a single year of the history of this Association. It has been unparalleled and the capacity that selects and employs and recognizes and rewards capacity is the highest capacity of all.

Our president has surrounded himself with a cabinet which, working through him, has produced these marvelous results. Now, I am not going to make a long speech, I am not going to spoil my record. Any popularity I have has been due to the fact that I had good terminal facilities and I know the members of this Association have purchased and ordered sent to the home of Mr. McComas in Los Angeles—I hope he will recognize this additional thoughtfulness, in view of the present freight rates—a victrola, a sort of symbol of the harmonious influence which he has had over all the gatherings of this convention.

Now, we have heard of the folly of sending coals to Newcastle, of shipping money to Wall Street—although a lot of us do it—and of sending beautiful women to Kentucky, or orators to Texas, but it seems to me that the last word in super-irritation—not irrigation—is to send an instrument of harmony into the home of Mr. McComas. But it is not sent there to supply a demand, but to recognize a condition, and therefore, Mr. McComas, on behalf of the Association, I extend to you this Victrola. It is filled with up-to-date records, but not a record in it surpasses the record you have just made.

MR. McCOMAS—Mr. Higinbotham, I shall search among those records in that Victrola, and if I find a record there which surpasses the record which you have made here, sir, then I shall be well pleased with the present.

I am a bit surprised, although I know perfectly well that it is the custom to give all retiring presidents a present, but I was so taken up with the oratory of my friend, Charles Joyce, that I almost forgot to put the question, and so going around in a trance, I wish to apologize to you for wandering aimlessly around the floor and for having to be called to my seat. But this oratory had gone to my head.

I say again, that I greatly appreciate the year that I have spent as president of this Association. It has been one round of pleasure, and in accepting this present here, which has been so graciously presented to me, I feel that I can hardly express adequately what is in my heart. I shall always cherish this present. I am a bit suspicious that somebody has gotten into communication in some mysterious way with my wife. I am not going to name the man that I am suspicious of, but nevertheless, I assure you that although I just learned to-day that we have got a beautiful case of chicken-pox at home, I know that my wife will be pleased with this present which you have so graciously given to me. And as I come in these nice, pleasant summer evenings, and nice, pleasant fall evenings, and nice, pleasant winter evenings, and nice, pleasant spring evenings, which we always have in California, and put my feet upon the round of another chair and get out the box of cigars, I will say, "Now, turn to the records and turn on that Higinbotham record, will you?"

There is no use being serious over this, I am but consuming the time, and I have no more authority here, and therefore, my friends, dear friends, members of this convention, who have been so patient with me when I stood up here and yelled to have the doors shut, please take with you as you leave here my kindest regards, my affection, and my friendship. I would say "take my love," but out of deference to my dear friend, Ira Kingsbury, who does not like the word "love" used in connection with man, I ask you simply to take my extreme friendship, and my gratitude, and my thanks for this present. And if you would repay me further, if you feel that you owe me a greater debt, and would repay me further, give every support that you can, every bit of ounce of support that you can, to my good friend, Curtis R. Burnett, who now occupies the president's chair in this association. I thank you.

PRESIDENT BURNETT—The retiring president handed me the official gavel, but this is not going to be a rule of iron. This is going to be a rule of love. I would like also the official stenographer to record that that case of chicken-pox was not shipped from the National Association of Credit Men.

We will now proceed to the election of first vice-president. Nominations are in order.

HARRY G. MOORE, Peoria—Looking back not quite over a quarter of a century of life in this Association, but inventorying the men whom I have known here of the former day, appreciating in his own way each of you individually, and those who have rendered service heretofore, it has sometimes seemed a problem to select a man who will properly fill the job. But I have to-day to present to you the name of a man whom I feel is well qualified for the position, a man who has served us in many ways, a man who is familiar with our work, a man who has always finished the job, a man who has at times, as it seemed to me, dropped out of the work, but when the occasion was presented that this man was again called in, he began right where he left off, except that his added effort showed the maturity of experience in years. He is a man whom I have watched with much pleasure, a man who now, I know from personal knowledge, faces still greater responsibilities in the future

in the commercial world, a man qualified in every way, a man who will never disappoint you, one of those friends whom we always tie to and who stays tied, a man who stands well in his community, a man valued most highly by his section, and a man whom I trust that as the days shall come, many of you shall know and value as a friend, as I value Herbert E. Choate. Without further words I assure you that I esteem it a rare pleasure, my privilege, indeed, to-day to present the name of Mr. Choate for your first vice-president.

W. L. McWHORTER, Nashville—To my mind, one of the finest things that Mr. Roosevelt ever said was on the occasion of a visit by a distinguished committee of representatives, when he was governor of New York, at Albany, the committee's purpose being to urge him to accept the vice-presidency. He declined, saying that once upon a time a man had two sons. One went to see the other, who was elected vice-president of the United States, and neither of them was ever heard of afterwards.

Fortunately for us, that rule does not obtain in this Association, for you have just elevated a vice-president to the highest office, and the highest honors within the gift of this organization. And so, in seconding the nomination of Herbert Choate, I would remind you that if in one year hence you desire to promote him, you will find him presidential size and presidential timber.

A most amusing incident occurred some years ago in this organization at the time that Frank Gettys of Louisville was elected president. There are men here who were at that convention but who did not know, or who do not know how nearly a comedy came to be a tragedy. The Louisville delegation desired Nashville to place Gettys' name before that convention, and the Nashville delegation selected as their spokesman Eugene Shannon. The Louisville friends impressed upon Shannon the fact that he must not say anything of the greatness and glory of the south, nothing about her superb manhood and her superlative womanhood, these themes already having been worn threadbare. Shannon promised. But he had never faced an audience as large and as imposing as one of our annual national gatherings, and he took stage fright at the very thought of what was in front of him. To restore his weakening nerves, he took three or four drinks of high-powered Kentucky Bourbon, and when the time came for him to present Gettys' name to that convention he said: "I hail from the land of Dixie and land where the sun shines brighter and where the flowers grow more beautiful, and where the birds sing sweeter than anywhere else in all the world." So he went on with that until Gettys and his friends believed that but for a magnificent address seconding that nomination, by Prendergast of New York, Gettys would have been beaten that day.

So I do not present to you Mr. Choate because he lives down south, not because of his location or any geographical position, but I present him on his claims as a man. Our genial secretary would call him "a man's man." He has been for many years engaged in checking credits. He has been for a long time at the head of a very important credit granting office. He knows all the "ins" and "outs" of the game, the theory and the practice of it. I believe he is the

author of an axiomatic truth that was referred to here this morning by Mr. Hawkins, and that is, that in normal times the average house has just about enough business to keep going and to pay its expenses, and that our net profits come from the risks we take." Mr. Choate believes that and practices that, and so if you elect him to this office this evening, you will find that he possesses a good working knowledge of all of the inner workings, as well as all the traditions of this great Association. You will find him bringing to the discharge of his duty a patient and sympathetic ear to all the troubles of the credit man. You will find him able to grapple successfully with all these great reconstruction problems that face every American business man to-day within that wide range of production and distribution. But, above all, always you will find him to possess a magnificent enthusiasm, a limitless enthusiasm for the continued growth and development and uplift of this beloved Association. And so I take the greatest pleasure, on behalf of the Nashville delegates, in seconding the nomination of Herbert Choate of Atlanta for first vice-president of this Association.

JAS. E. PORTER, Pittsburgh—I want to mention another occasion quite similar to that mentioned by Mr. McWhorter. I refer to the fact that in 1864 I invaded the state of Georgia. When wandering around among the mountain fastnesses of northwest Georgia, there was some man or boy, whom I could not see, hunting about with a gun which he held out to be discharged in my direction—very careless of him. I tried unsuccessfully to stop that bullet; I caught it, but I couldn't hold it. I was so dissatisfied with my reception in the state of Georgia that I turned back, and did not care whether I ever got to Atlanta, where I started to go. I didn't stop except for short intervals until I got clear north of the Ohio River. That was some distance to run. I was found with firearms in my possession, which was against the law of the sovereign state of Georgia. But time changes things, and the mountains of Tennessee and Georgia kept calling, calling year after year, until I went back, and as my visits became more frequent, I enjoyed them more.

And I wish to say to you, my friends, that if you visit that southland, the more frequently you go there, you will not only enjoy the mountains and the valleys, and the magnificent scenery, but you will learn to love the people you meet. I make these preliminary remarks simply to show how I appreciate the privilege of seconding the nomination for first vice-president of this Association of a candidate from Dixie—not Dixie's candidate alone, but the candidate of this entire Association, whose membership extends from the Atlantic to the Golden Gate, and from the Gulf to the Great Lakes—a man whom it is a pleasure to know, and whose friendship I appreciate, a man thoroughly well equipped for every duty that may come to him.

They produce in Georgia a great many things, and one of the principal products of that state is men, men of sterling worth, men of ability. And the candidate for first vice-president you will find admirably equipped for the performance of every duty pertaining to that office, or any other office to which you may call him. It gives me great pleasure, on behalf of the Pittsburgh Association of

Credit Men, to second the nomination of Herbert E. Choate of Atlanta, Ga.

E. H. JAYNES, Cleveland—The Cleveland delegation heartily seconds the nomination of Mr. Choate for first vice-president.

SAMUEL MAYER, Cincinnati—On behalf of all of those who will not be heard, I desire to second, firstly, the nomination of Mr. Choate, and then to move that the nominations be closed, and the secretary directed to cast the ballot of the Association for Mr. Choate.

Seconded. Carried.

SECRETARY TREGOE—Mr. President, it gives me great pleasure to cast the unanimous ballot of this convention for Herbert E. Choate of Atlanta for first vice-president of the National Association of Credit Men.

PRESIDENT BURNETT—The chair would ask Mr. Humphrey of Boston and Mr. Couch of Los Angeles to escort Mr. Choate to the platform.

Mr. Choate, this organization has, by unanimous vote, selected you to serve as its first vice-president during the coming year.

MR. CHOATE—I was just a bit fearful that you had decided to reconsider, from the length of time it took to do this little job. This is a rather tense moment for me. Americans in general, and southerners in particular, have been accused of being unduly emotional. I fear that this is not the time nor place for me to attempt to refute the charge, for I confess that it is with difficulty that I restrain myself from an unseemly exhibition here and now. I not only confess it, Mr. President, I confess it without shame and without reproach.

You have been very kind to me to-day, you have been kind to me many times before, far beyond any merit of my own. But I am not so vainglorious, I trust, as not to be sensible of the compliment you would pay my association and my section much more than I am of any individual compliment to myself. The honors you have conferred upon me are all the more agreeable to my pride when I reflect that I have not only not sought them, but that I have never consciously allowed myself an expression of any ambitions that I might have harbored for such preferment.

It is a very great privilege to serve such an organization as this. It is a very great privilege to be associated with a body of men whose activities are in no small degree altruistic. What a wonderful horizon spreads before us! What a splendid instrumentality for "high emprise" the efforts of so many devoted and unselfish men throughout these years have fashioned for our use! The largest commercial body in the world, we have attained to the proportions not only of a first-class, but, if you please, a super-class power in the world of commerce; and that implies, gentlemen, great obligations no less than great opportunities. We are now committed—unalterably and everlasting committed—to the legend of "Noblesse Oblige." So long as we are true to the early ideals of our organization we may look to the future with a serene confidence, a confidence born of the spirit of the will to serve, to serve not only in conspicuous

stations, but in obscure and unrewarded places—for this has ever been the mainspring, the actuating principle of any real success we have achieved. Can I say more, fellow credit men, than that this further evidence of your confidence quickens in me a corresponding sense of my obligation to merit your all-too-generous consideration? I cannot express my appreciation as I would; I can only say with Hamlet, "Beggar that I am, I am even poor in thanks, but I thank you."

PRESIDENT BURNETT—Nominations are in order for the office of second vice-president.

A. E. GILSTER, St. Louis—It is a special pleasure to me to have been asked to present to this convention the name of my successor in office as your retiring second vice-president, and before presenting the name of the man I want to take this opportunity of expressing my appreciation to the officers and directors for the very courteous treatment that I have received at their hands during the past year. In the selection of candidates for the officers of this great organization it must be apparent to you that it is a tremendous task. We have only a few offices to fill and in a membership of nearly thirty thousand it is a hard task to please everybody and all sections.

In selecting a candidate for the second vice-presidency we are all indebted to the committee for the wise selection they have made. I am going to present the name of one who has been active in association work for many years. For five years he was president of his local association. He served on the Board of Directors of the National Association for four years and I know that he will fill the office well. Besides, I think it is very appropriate that here in Detroit we select a dry goods man for second vice-president. This gentleman is all right in every respect but his name. He is very genial at all times but he is cross—W. B. Cross of Duluth.

I. D. KINGSBURY, Rochester—I feel much honored in being permitted to second the nomination of Mr. Cross, and I think it is rather fitting that a man from the state of New York should have that privilege as Mr. Cross was a native of New York state, although in the early days he took Horace Greeley's advice and went west to grow up with the country, and he has grown up. I have had the privilege of working with Mr. Cross on the Board of Directors of the National Association. I have learned to admire him as a man; I have learned to have confidence in his judgment and I believe, Mr. President, that this Association has honored itself in inducing Mr. Cross to accept the office of second vice-president, and I want to second his nomination for that office.

A. LANDAUER, Milwaukee—I take great pleasure in seconding the nomination of Mr. Cross. I have known him for years. I move that the nominations be closed and that the secretary be instructed to cast the unanimous vote of this Association for Mr. Cross for the office of second vice-president.

The motion was seconded and unanimously carried.

SECRETARY TREGOE—It gives me great pleasure to present the unanimous ballot of this convention for William B. Cross of Duluth

for the second vice-presidency of the National Association of Credit Men.

PRESIDENT BURNETT—I would request that Mr. Whitlock of Chicago and Mr. New of Cleveland escort Mr. Cross to the platform.

Mr. Cross, this Association has, by unanimous vote, called you to be its second vice-president for the ensuing year.

MR. CROSS—Fellow members of the National Association of Credit Men: I sincerely appreciate the honor that you have done me in electing me second mate of the ship *Leviathan*, which our new president has lately spoken of. I assure you that I will use my best efforts faithfully to stand watch and perform the duties that are connected with the office. I thank you.

PRESIDENT BURNETT—We will proceed to the election of directors.

SECRETARY TREGOE—Eleven directors retired this year, leaving eleven to serve for one year longer. By the amended Constitution and By-Laws of the Association, we were to add one director when we reached 25,000 and one director for each additional three thousand, so we proceed to the election of thirteen directors this afternoon, twelve for two years and one for one year. The Nominating Committee offers for your consideration and acceptance the names of the thirteen gentlemen on this list and recommends J. D. Meek of Indianapolis for the one-year term. By naming the thirteen we are not required this afternoon to cast the ballot that usually consumes so much time at the close of the convention. The names offered by the committee are as follows:

Butterfield, H. A., Savannah, Ga.	O'Neil, J. E., Oklahoma City,
Parrott, P. E., St. Joseph, Mo.	Okla.
Meek, J. D., Indianapolis, Ind.	Peoples, A. J., Detroit, Mich.
Robertson, Victor, St. Paul,	Matthews, A. E., Denver, Colo.
Minn.	Koelsch, W. F. H., New York
Matzger, A. K., Seattle, Wash.	City, N. Y.
Hill, H. T., Nashville, Tenn.	Bethel, P. B., Louisville, Ky.
Seibert, E. M., Pittsburgh, Pa.	Levi, G. L., Philadelphia, Pa.

PRESIDENT BURNETT—Are there any further nominations to be offered at this time? If not, we may proceed by proper action.

MR. KINGSBURY—I move that the by-laws be suspended and the secretary be instructed to cast the ballot of this convention. for the twelve names for two years and the one name for one year as read by the secretary.

Seconded.

PRESIDENT BURNETT—If you are ready for the question we will put it. Carried.

SECRETARY TREGOE—It gives me great pleasure to cast the unanimous ballot of this convention for the following gentlemen to serve two years as directors of the Association, and for the one gentleman, J. D. Meek, to serve for one year. (Secretary's ballot contained the names as listed above.)

PRESIDENT BURNETT—Is there any unfinished business to come before the convention?

E. W. NELSON, Lincoln—I think we should at this time make provision to some extent for our next year's program. There has been one thing that has puzzled me a great deal during this convention. Our officers and our committees have done wonders for us in providing a splendid program. They have been patient, kind and considerate. We already have our National Order of Live Wires. I think we need another order to which the members will automatically elect themselves and I propose therefore that we create for the use of the next convention the Odoriferous Order of Pikers and all those who leave the convention, as we have experienced them doing, with the officers pleading with them to stay for a few minutes, will automatically be elected to full membership in this order.

PRESIDENT BURNETT—That becomes a permanent record and goes down in the annals of the Association.

Is there any new business to come before us?

SECRETARY TREGOE—There is no new business upon the table of the secretary. We seem to have disposed of everything except the heading of "miscellaneous business" under which would be offered matters from the floor of the convention.

Mr. President, when you drop your gavel and declare this convention adjourned, with your permission, the Board of Directors as constituted by the holdovers and the newly elected members, will meet in the right of the room to transact a little business which has to be taken care of before we leave the convention city and the honorary advisory members, consisting now of Mr. Joyce, Mr. Whitlock and Mr. McComas are invited to meet with the directors at that session.

On motion duly made, seconded and carried, the chair then declared the twenty-fourth annual convention of the National Association of Credit Men adjourned.

Adjournment.

Addresses Wanted

- A. G. Babcox, formerly of Cleveland, Ohio. Last known address, Hotel Cleveland.
- Roy Baker, formerly in the hardware business at Texhoma, Texas. Now supposed to be selling automobile trucks in the vicinity of El Paso, Dallas and Houston, Texas.
- H. N. Haxendale, formerly painter and decorator, Streator, Ill. Believed to be in Detroit.
- Ralph M. Coen, manager of American Fabric Products Co., 224 W. 23d Street New York City.
- R. G. DeCrow. Any one having dealings with this party, kindly communicate with this office.
- Charles Hamilton, Greenville, Ohio. Last known address, Clinton, Iowa.
- Nicolas La Pume and Vito La Puma. Traded under style of N. La Puma & Co., at 348 E. 105th Street, New York City, conducting a hay, feed and flour business. Now believed to be located in Los Angeles, Calif.
- J. Nuccio, 132 Willow Ave., Hoboken, N. J.
- J. Leon Prevost. Formerly traveling in the state of Maine for Holcomb & Hoke Manufacturing Co.
- Thomas Sherwin, formerly of Winchester, Ill., later of Terre Haute, Ind. Last known address, Muncie, Ind.
- Fred G. Wagner. Formerly proprietor of St. Louis Skirt & Waist Company, 1555 S. Jefferson Ave., St. Louis, Mo.
- C. E. Weldon. Formerly traded as Sterling Cloak & Suit Co., of Vallejo, Calif.
- Fred H. Whipple. May be doing educational work throughout the east and middle west. Last known address, Indianapolis, Ind.

WANTS

- CREDIT MANAGER:** Experienced in credits, collections and adjustments. Tactful and competent, with ability to organize and systematize if necessary. Has been very successful, due to careful investigation of accounts and taking no unnecessary chances. Would entertain proposals for any locality. Age 40, married and healthy. Salary, \$2,500 to \$3,000. Address ADVERTISEMENT No. 458.
- CREDIT AND OFFICE MANAGER:** Desires to connect with a growing concern west of Denver. Thoroughly experienced in jobbing credits and collections, also accounting and care of insurance, taxes and similar matters. Address ADVERTISEMENT No. 459.
- CREDIT AND COLLECTION MANAGER:** Thoroughly experienced in every phase of credits work. Past experience is present guarantee for future success. 38 years of age and married. University graduate, a sound knowledge of accounting and finance with a successful record for seven years as credit manager. Can furnish best of references from employers and associates as to ability, character, industry, personality, etc. If you desire a man who can coordinate sales and credits, I am no doubt the one you are looking for. Address ADVERTISEMENT No. 460.
- A SUCCESSFUL, PROGRESSIVE CREDIT MAN:** Of exceptionally broad experience, now with one of the largest manufacturing firms in its line in the east, desires a new connection with better opportuni-

ties for credit or administrative work. Thoroughly competent in credits, financing, accountancy, office management; and by personality and varied organizing experience, qualified particularly for executive duties requiring a good knowledge of fundamental business principles, and ability to obtain cooperation. Age 37, married, university education, Protestant. Initial salary a secondary consideration; minimum, \$3,500-\$4,000. Address ADVERTISEMENT No. 461.

CREDIT AND COLLECTION MAN: Desires position where efficiency and results count. Thoroughly experienced in the above, and a good constructive and business promoting correspondent. Here is an opportunity for some progressive concern to obtain the services of a young man twenty-five years of age, who has the endorsement of his former employers as to ability and efficiency. Open for immediate connection here or out of town. Address ADVERTISEMENT No. 462.

COMPETENT MAN to take charge of an adjustment bureau about to be organized and an interchange bureau now operating. Give experience, salary to begin and full details as to fitness for the position. Address ADVERTISEMENT No. 463.

YOUNG MAN: Recently discharged from the army, desires position as credit and collection man in San Francisco or vicinity. Thoroughly experienced in bookkeeping and correspondence, and all office details. Address ADVERTISEMENT No. 464.

CREDIT MANAGER OR ASSISTANT: Now employed. With prominent manufacturing concern nine years as assistant to credit manager. Able correspondent. Broad knowledge of credits and collections, especially in machinery, iron, steel and allied lines. Age 28. Salary, \$2,400. Address ADVERTISEMENT 465.

Directory of Officers of the Affiliated Branches of the National Association of Credit Men

(Arranged Alphabetically by States)

- ALABAMA, Birmingham**—Birmingham Credit Men's Association. President, W. L. Wilson, Goodell-Brown & Co.; Secretary, J. A. Coker, Birmingham Paper Co.; Manager, R. H. Eggleston, Chamber of Commerce Bldg.
- ALABAMA, Montgomery**—Montgomery Association of Credit Men. President, I. H. DeWees, Ballard & Ballard Co.; Secretary, J. M. Holloway, 81 Vandiver Bldg.
- ALABAMA, Selma**—Selma Association of Credit Men. President, Geo. T. Treadwell, Atkins Grocery Co.; Secretary, R. S. Carothers, Selma Hardware Co.
- ARKANSAS, Fort Smith**—Fort Smith Association of Credit Men. President, W. J. Murphy, W. J. Murphy Saddlery; Secretary, John Laws, Atkinson, Williams Hardware Co.
- ARKANSAS, Little Rock**—Little Rock Association of Credit Men. President, T. E. Burrow, Beal-Burrow Dry Goods Co.
- CALIFORNIA, Los Angeles**—Los Angeles Credit Men's Association. President, A. J. Goldwater, Stewart-Dawes Shoe Co.; Acting Secretary, E. L. Ide, Kellaway-Ide Co.
- CALIFORNIA, San Diego**—The Credit Association of San Diego. President, H. M. Folsom, Brunswig Drug Co.; Secretary, Carl O. Retsloff, 573 Spreckels Theatre Bldg.
- CALIFORNIA, San Francisco**—San Francisco Credit Men's Association. President, C. E. Baen, Anglo & London-Paris National Bank; Secretary, Felix S. Jeffries, 461 Market St.
- COLORADO, Denver**—Denver Credit Men's Association. President, A. E. Matthews, Colorado Fuel & Iron Co.; Secretary, E. O. Hunting, Auto Equipment Co.; Assistant Secretary, David F. Lowe, 503 Continental Bldg.
- COLORADO, Pueblo**—Pueblo Association of Credit Men. Vice-President, L. P. Nelson, Ridenour, Baker Merc. Co.; Secretary, Geo. W. Gleason, McCole-Gleason Commission Co.; Assistant Secretary, F. L. Taylor, 747 Thatcher Bldg.
- CONNECTICUT, Bridgeport**—Bridgeport Association of Credit Men. President, Arthur N. Wheeler, American Tube & Stamping Co.; Secretary, Lester R. Bradbury, F. L. Bradbury Company.
- CONNECTICUT, Hartford**—Hartford Association of Credit Men. President, C. DeL. Alton, The J. B. Williams Co., Glastonbury; Secretary, E. S. Pierce, Allsteel Equipment, 647 Main St.
- CONNECTICUT, New Haven**—New Haven Association of Credit Men. President, H. F. Beebe, Winchester Repeating Arms Co.; Secretary, Dean C. Texido, Merchants National Bank.
- DISTRICT OF COLUMBIA, Washington**—Washington Association of Credit Men. President, Carl C. Mueller, Geo. J. Mueller; Secretary, R. Preston Shealey, 726 Colorado Bldg.
- FLORIDA, Jacksonville**—Jacksonville Credit Men's Association. President, James Lassiter, W. B. Johnson Co.; Secretary, R. A. Vockey, Cohen Brothers.
- FLORIDA, Tampa**—Tampa Association of Credit Men. President, Frank Bentley, The Bentley-Gray Dry Goods Co.; Secretary, J. D. Stafford, Peninsular Grocery Co., 5 Roberts Bldg.
- GEORGIA, Atlanta**—Atlanta Association of Credit Men. President, H. S. Collinsworth, Gramling, Spalding & Collinsworth; Secretary, H. T. Moore, Chamber of Commerce Bldg.
- GEORGIA, Augusta**—Augusta Association of Credit Men. President, Frank Harrington, Harrington Bros. & Co.; Secretary, R. A. Heath, Heath, Bolster & Turner.
- GEORGIA, Macon**—Macon Association of Credit Men. President, Francis Harrington, J. S. Schofield & Sons Co.; Secretary, J. Tom Dent, S. R. Jacques & Tinsley Co.; Manager, A. F. McGhee, Macon Association of Credit Men.
- GEORGIA, Savannah**—Savannah Credit Men's Association. President, H. A. Butterfield, Savannah Supply Co.; Secretary, E. J. Sullivan, Savannah Credit Men's Association.
- IDAHO, Boise**—Boise Association of Credit Men, Ltd. President, Chas. F. Adams, Idaho Candy Co.; Secretary, D. J. A. Dirks, 216-218 Boise City National Bank Bldg.
- ILLINOIS, Chicago**—Chicago Association of Credit Men. President, Robert J. Kane, Joyce, Kane & Albrecht Co.; Secretary, Chas. R. Dickerson, 10 South La Salle St.
- ILLINOIS, Decatur**—Decatur Association of Credit Men. President, W. Diefenthaler, Field & Shorb; Secretary, J. L. Ward, C. E. Ward & Sons.
- ILLINOIS, Peoria**—Peoria Association of Credit Men. President, W. D. Upton, Isaac Walker Hdw. Co.; Secretary, F. H. Boerckel, 116 Linn St.
- ILLINOIS, Quincy**—Quincy Association of Credit Men. President, C. A. E. Koch, Miller-Arthur Drug Co.; Secretary, Frank Rothgeb, Quincy Confectionery Co.
- ILLINOIS, Rockford**—Rockford Association of Credit Men. President, E. J. Duel, Emerson-Brantingham Co.; Secretary, J. T. Gerber, Barber-Colman Co.
- ILLINOIS, Springfield**—Springfield Association of Credit Men. President, John Springer, Springfield Paper Co.; Secretary, George E. Lee, Jageman-Bode Co.
- INDIANA, Evansville**—Evansville Association of Credit Men. President, W. C. Fauquier, Blount Plow Works; Secretary, H. W. Voss, Furniture Exchange Bldg.
- INDIANA, Ft. Wayne**—Ft. Wayne Association of Credit Men. President, Will A. Hobson, Ft. Wayne Oil & Supply Co.; Secretary, Arthur Parry, 611 Shoaff Bldg.

- INDIANA, Indianapolis**—Indianapolis Association of Credit Men. President, L. C. Breunig, Atlas Securities Co.; Secretary, R. L. Mellett, Mellett Printing Co.; Assistant Secretary, H. L. Brubaker, Hatfield Electric Co.
- INDIANA, Muncie**—Muncie Association of Credit Men. President, George M. Spencer, American Lawn Mower Co.; Secretary, Thos. E. Bracken, Silverberg, Bracken & Gray.
- INDIANA, South Bend**—South Bend Association of Credit Men. President, W. L. Chandler, Dodge Sales & Engineering Co., Mishawaka, Ind.; Secretary, E. N. Bigelow, Kawneer Manufacturing Co., Niles, Mich.
- INDIANA, Terre Haute**—Terre Haute Association of Credit Men. President, Fred Einecke, Miller-Parrott Baking Co.; Secretary, E. R. Frye, Crane Company.
- IOWA, Cedar Rapids**—Cedar Rapids Association of Credit Men. President, T. D. Nicoll, Warfield-Pratt-Howell Co.; Secretary, J. J. Lenihan, 504 Mullin Bldg.
- IOWA, Davenport**—Davenport Association of Credit Men. President, F. Lagomarcino, Lagomarcino-Grupe Co.; Secretary, Isaac Petersberger, 222 Lane Bldg.
- IOWA, Des Moines**—Des Moines Credit Men's Association. President, C. L. Cousens, C. L. Percival Co.; Secretary, Chas. W. Moon, Iowa Multigraphing Co.
- IOWA, Ottumwa**—Ottumwa Association of Credit Men. President, Jesse Spurgeon, Samuel Mahon Co.; Secretary, Wm. A. Hunt, 114 S. Market St.
- IOWA, Sioux City**—Sioux City Association of Credit Men. President, J. B. Murphy, Kennedy & Parsons; Secretary, John Bohm, Sioux City Iron Company; Assistant Secretary, Peter Balkema, 601 Trimble Bldg.
- IOWA, Waterloo**—Waterloo Association of Credit Men. President, W. E. Ogle, Herrick Refrigerator Co.; Secretary, G. B. Worthen, 518 Black Bldg.
- KANSAS, Wichita**—Wichita Association of Credit Men. President, A. J. Erickson, Dold Packing Company; Secretary, Harry D. Howard, Massey Iron Co.; Assistant Secretary, M. E. Garrison, 1009 Beacon Bldg.
- KENTUCKY, Lexington**—Lexington Credit Men's Association. President, David Ades; Secretary, John D. Allen, 412 Fayette National Bank Bldg.
- KENTUCKY, Louisville**—Louisville Credit Men's Association. President, A. B. Harris, Otis Hidden Co.; Secretary, P. B. Thompson, U. S. Trust Co. Bldg.
- KENTUCKY, Paducah**—Paducah Association of Credit Men. President, J. M. Walter, Covington Bros. & Co.; Secretary, Frederick Speck, Paducah Iron Co.
- LOUISIANA, New Orleans**—New Orleans Credit Men's Association. President, G. Owen Vincent, Commercial Trust & Savings Bank; Secretary, T. J. Bartlette, 608 Canal Louisiana Bank Bldg.
- MARYLAND, Baltimore**—Baltimore Association of Credit Men. President, R. T. Baden, Holland-Baden-Ramsey Co.; Secretary, J. R. Hewitt, 100 Hopkins Pl.
- MASSACHUSETTS, Boston**—Boston Credit Men's Association. President, Edward P. Tuttle, Atlas Shoe Co.; Secretary, Herbert A. Whiting, 77 Summer St.
- MASSACHUSETTS, Springfield**—Springfield Association of Credit Men. President, W. H. Keiser, Fisk Rubber Co., Chicopee Falls, Mass.; Secretary-Treasurer, F. H. Belden, Jr., P. O. Box 127.
- MASSACHUSETTS, Worcester**—Worcester Association of Credit Men. President, Paul Fielding, E. W. Ham Electric Co.; Secretary, C. W. Parks, Merchants' National Bank.
- MICHIGAN, Detroit**—Detroit Association of Credit Men. President, Alexander Wall, National Bank of Commerce; Secretary, Frank R. Hamburger, 917-918 Dime Bank Bldg.
- MICHIGAN, Grand Rapids**—Grand Rapids Credit Men's Association. President, John D. Karel, Michigan Chair Company; Secretary, Walter H. Brooks, 541 Michigan Trust Bldg.
- MICHIGAN, Kalamazoo**—Kalamazoo Association of Credit Men. President, F. A. Lemke, Humphrey Co.; Secretary, F. R. Olmsted, 203 Hanselman Bldg.
- MICHIGAN, Lansing**—Lansing Association of Credit Men. President, L. E. Chapman, Reo Motor Car Co.; Secretary, J. Earle Brown, Lansing, Mich.
- MICHIGAN, Saginaw**—North Eastern Michigan Association of Credit Men. President, Irving H. Baker, First Nat. Bank, Bay City, Mich.; Secretary, John Hopkins, 315 Bearinger Bldg.
- MINNESOTA, Duluth**—Duluth Association of Credit Men. (Duluth-Superior.) President, S. D. Fisher, Armour & Co.; Secretary, E. G. Robie, 415 Lonsdale Bldg.
- MINNESOTA, Minneapolis**—Minneapolis Association of Credit Men. President, Leon M. Powell, W. S. Nott Co.; Secretary, W. O. Hawkins, McClellan Paper Co.
- MINNESOTA, St. Paul**—St. Paul Association of Credit Men. President, Levi T. Jones, Noyes Bros. & Cutler; Acting Secretary, Wm. R. Olsen, Finch, Van Slyck & McConville.
- MISSOURI, Kansas City**—Kansas City Association of Credit Men. President, W. Everley, J. W. Jenkins' Sons Music Co.; Secretary, F. B. Rose, 303-7 New England Bldg.
- MISSOURI, St. Joseph**—St. Joseph Credit Men's Association. President, T. E. Arnold, H. E. Bragg Leather Co.; Secretary, L. G. Page, Page Coffee Mill.
- MISSOURI, St. Louis**—St. Louis Association of Credit Men. President, G. F. Bentrup, Koken Barbers' Supply Co.; Secretary, C. P. Welsh, 510 Locust St.
- MONTANA, Billings**—Billings Credit Men's Association. President, Walter L. Clarke, Yellowstone National Bank; Secretary, H. C. Stringham, Electric Bldg.
- MONTANA, Butte**—Butte Association of Credit Men. President, M. A. Hughes, Swift & Company; Secretary, W. F. Wilson, Henningsen Produce Company; Assistant Secretary, R. E. Clawson, Ind. Telephone Bldg.

- MONTANA, Great Falls**—Northern Montana Association of Credit Men. President, F. J. Gies, F. J. Gies & Co.; Secretary, W. L. Ignatius, 216 Ford Bldg.
- MONTANA, Helena**—Helena Association of Credit Men. President, M. V. Wilson, Helena Hardware Co.; Secretary, P. G. Schroeder, Room 9, Pittsburgh Bldg.
- NEBRASKA, Hastings**—Hastings Credit Men's Association. President, M. L. Cunningham; Secretary, Ira C. Hoppe, Hager Candy Co.
- NEBRASKA, Lincoln**—Lincoln Credit Men's Association. President, N. Lieberman, Union Wall Paper & Paint Co.; Secretary, Guy C. Harris, Schwarz Paper Co.
- NEBRASKA, Omaha**—The Omaha Association of Credit Men. President, R. P. Robinson, Groneweg & Schoentgen Co., Council Bluffs, Iowa; Secretary, J. T. Cunningham, 320 Bee Bldg.
- NEW JERSEY, Newark**—Newark Association of Credit Men. President, C. M. Freeman, The Rubberet Co.; Secretary, F. B. Broughton, 519 Kinney Bldg.
- NEW YORK, Albany**—Albany Association of Credit Men. President, Alexander McKensie, The Embossing Co.; Secretary, Walter S. Geddes, Jas. McKinney & Son.
- NEW YORK, Buffalo**—Buffalo Association of Credit Men. President, Frank A. Worth, Spencer, Kellogg & Sons, Inc.; Secretary, Geo. F. Bates, 1001 Mutual Life Bldg.
- NEW YORK, New York**—New York Credit Men's Association. President, E. S. Boteler, G. K. Sheridan & Co., Secretary, A. H. Alexander, 320 Broadway.
- NEW YORK, Rochester**—Rochester Association of Credit Men. President, W. L. Dobin, Levy Bros. Clothing Co.; Secretary, Eben Halley, American Clay & Cement Co.
- NEW YORK, Syracuse**—Syracuse Association of Credit Men. President, S. M. Anderson, Semet Solvay Co.; Secretary, H. B. Buell, 707 Snow Bldg.
- NEW YORK, Utica**—Utica Association of Credit Men. President, Clarence B. Williams, Williams Steel Wheel & Rim Co.; Secretary, J. Lyman Collegly, Chamber of Commerce.
- NORTH CAROLINA, Wilmington**—Wilmington Association of Credit Men. President, J. R. Murchison, J. W. Murchison & Co.; Secretary.
- NORTH DAKOTA, Fargo**—Fargo Association of Credit Men. President, Frank H. Chaney, Chaney, Everhart Co.; Secretary, H. L. Loomis, N. W. Mutual Savings & Loan Association.
- NORTH DAKOTA, Grand Forks**—Grand Forks Association of Credit Men. President, M. E. Stricker, Stone-Ordean-Wells Co.; Secretary, S. H. Booth, Congress Candy Co.
- OHIO, Cincinnati**—Cincinnati Association of Credit Men. President, Chas. W. Dupuis, Citizens' National Bank; Secretary, Edwin C. Brunst, 1503 Union Trust Bldg.
- OHIO, Cleveland**—Cleveland Association of Credit Men. President, John M. Klingman, The Cady-Irison Shoe Co.; Secretary, D. W. Cauley, 318 Engineers' Bldg.
- OHIO, Columbus**—Columbus Credit Men's Association. President, John T. Dunnick, Erner & Hopkins Co.; Secretary, Benson G. Watson, 411-420 The New First National Bank Bldg.
- OHIO, Dayton**—Dayton Association of Credit Men. President, L. J. Ihrig, Egry Fare Register Co.; Secretary, N. F. Nolan, 607 Schwind Bldg.
- OHIO, Portsmouth**—Portsmouth Association of Credit Men. President, T. E. Lanier, Gilbert Grocery Co.; Secretary, B. A. Lechner, Standard Supply Co.
- OHIO, Toledo**—Toledo Association of Credit Men. President, J. V. Davidson, Davidson Lumber & Cedar Co.; Secretary, Fred A. Brown, 723 Nicholas Bldg.
- OHIO, Youngstown**—Youngstown Association of Credit Men. President, O. W. Chaffee, The Trus-Con Steel Co.; Secretary, W. C. McKain, 1106-7 Mahoning National Bank Bldg.
- OKLAHOMA, Oklahoma City**—Oklahoma City Association of Credit Men. President, Carl F. Wiedeman, Collins, Dietz, Morris Co.; Secretary, Eugene Miller, 625 Insurance Bldg.
- OKLAHOMA, Tulsa**—Tulsa Credit Men's Association. President, J. F. Goodner, Goodner-Malone Co.; Secretary, W. A. Rayson, 109-A East 3d St.
- OREGON, Portland**—Portland Association of Credit Men. President, S. L. Eddy, Ladd & Tilton Bank; Secretary, A. C. Longshore, Northwestern National Bank.
- PENNSYLVANIA, Allentown**—Lehigh Valley Association of Credit Men. President, A. D. Gomery, Gomery Brothers; Secretary, J. H. J. Reinhard, 402 Hunsicker Bldg.
- PENNSYLVANIA, Harrisburg**—Harrisburg Association of Credit Men. President, Joseph Claster, 119 South 2d St.; Secretary, H. B. Lau, Moorhead Knitting Co.
- PENNSYLVANIA, New Castle**—New Castle Association of Credit Men. President, W. C. McKeown, New Castle Electric Co.; Secretary, Roy M. Jamison, 332 Safe Deposit & Trust Bldg.
- PENNSYLVANIA, Philadelphia**—Philadelphia Association of Credit Men. President, J. Spencer Brock, American Metal Works; Secretary, David A. Longacre, Room 801, 1011 Chestnut St.
- PENNSYLVANIA, Pittsburgh**—Pittsburgh Association of Credit Men. President, E. M. Seibert, Bank of Pittsburgh; Secretary, A. C. Ellis, 1213 Chamber of Commerce Bldg.
- PENNSYLVANIA, Reading**—Reading Credit Men's Association. President, E. J. Morris, Reading Wholesale Grocery Co.; Secretary, C. P. Earl, care of J. M. Earl.
- PENNSYLVANIA, Wilkes-Barre**—Wilkes-Barre Association of Credit Men. President, G. L. C. Frantz, 11 Main St.; Secretary, Geo. H. McDonnell, 316-320 Miner's Bank Bldg.
- RHODE ISLAND, Providence**—Providence Association of Credit Men. President, Howard F. Barker; Secretary, E. H. Cullen, 1117 Turks Head Bldg.
- SOUTH CAROLINA, Columbia**—Columbia Association of Credit Men. President, M. B. Du Pre, M. B. Du Pre Co.; Secretary, J. F. Goggans, E. M. Du Pre Co.; Manager, J. M. Cozart, 1108 Palmetto Bank Bldg.

- SOUTH DAKOTA**, Sioux Falls—Sioux Falls Association of Credit Men. President, C. C. Cone, Andrew Kuehn Co.; Secretary, Miss Christine Olson, Sioux Falls Paint & Glass Co.
- TENNESSEE**, Chattanooga—Chattanooga Association of Credit Men. President, Chas. F. Hood, F. A. Hood Company; Secretary, H. W. Longley, Chattanooga Wheelbarrow Co.
- TENNESSEE**, Knoxville—Knoxville Association of Credit Men. President, A. W. Thompson, House-Hasson Hardware Co.; Secretary, W. A. De Groat, Anderson-Dulin-Varnell Co.
- TENNESSEE**, Memphis—Memphis Association of Credit Men. President, W. L. Robinson, Industrial Bank & Trust Co.; Secretary, W. A. Woodmansee, Chamber of Commerce Bldg.; Assistant Secretary, Miss Gladys Hess, 2d Floor, Chamber of Commerce Bldg.
- TENNESSEE**, Nashville—Nashville Credit Men's Association. President, Chas. Reynolds, Reynolds-Lindheim Cigar Co.; Secretary, Chas. H. Warwick, 803-805 Stahlman Bldg.; Assistant Secretary, J. B. Sanders, 803 Stahlman Bldg.
- TEXAS**, Austin—Austin Association of Credit Men. President, A. J. Eilers, McKean-Eilers Co.; Secretary, Mrs. R. L. Bewley, P. O. Box 1075.
- TEXAS**, Dallas—Dallas Wholesale Credit Men's Association. President, E. H. Server, Texas Harvester Co.; Secretary, E. C. Scott, Texas Drug Co.
- TEXAS**, El Paso—Tri-State Association of Credit Men. President, C. S. Nasits, American Grocery Co.; Secretary, T. E. Blanchard, 622-3 Caples Bldg.
- TEXAS**, Fort Worth—Fort Worth Association of Credit Men. President, W. A. Grimes, Monnig Dry Goods Co.; Secretary, E. G. Parker, King Candy Co.
- TEXAS**, Houston—Houston Association of Credit Men. President, J. T. McCarthy, Kirby Lumber Co.; Secretary, H. W. Brown, 315 First National Bank Bldg.
- TEXAS**, Paris—Paris Association of Credit Men. President, C. P. Floyd, Paris Grocer Co.; Secretary, L. R. Cary, Crook-Record Company.
- TEXAS**, San Antonio—San Antonio Association of Credit Men. President, H. P. Goodman, Goodman Gro. Co.; Secretary, T. W. Friedrich, A. B. Frank Co.; Manager, Henry A. Hirschberg, Chamber of Commerce, 313 Alamo National Bank Bldg.
- TEXAS**, Waco—Waco Association of Credit Men. President, M. G. Olsen, Williams Dry Goods Co.; Secretary, Roy A. McKnight, McKnight Sundries Co.
- UTAH**, Salt Lake City—Utah Association of Credit Men. President, F. A. Pyke, Pyke-Druehl Co.; Secretary, F. S. Walden, Strevell-Paterson Hdw. Co.; Assistant Secretary, Walter Wright, P. O. Box 886.
- VERMONT**, Burlington—Vermont Association of Credit Men. President, E. I. Soule, C. L. Soule & Co.; Secretary, Neil L. Stanley, P. O. Box 385.
- VIRGINIA-TENNESSEE**, Bristol—Bristol Association of Credit Men. President, J. H. Faucette, Faucette Peavler Shoe Co.; Secretary, T. L. Hayworth, Lockett-Reeves Co.
- VIRGINIA**, Lynchburg—Lynchburg Credit Men's Association. President, W. Ward Hill, Hill Buggy & Wagon Co.; Secretary, John H. Davis, Craddock-Terry Co.
- VIRGINIA**, Norfolk—Norfolk-Tidewater Association of Credit Men. President, H. G. Barbee, Harris, Woodson, Barbee Co.; Manager, Shelton N. Woodward, 1210 National Bank of Commerce Bldg.
- VIRGINIA**, Richmond—Richmond Credit Men's Association. President, Harry Marks, Harry Marks Clothing Co.; Secretary, Jo Lane Stern, 905 Travelers' Insurance Bldg.
- VIRGINIA**, Roanoke—Roanoke Association of Credit Men. President, W. F. Penn, Barrow-Penn & Co.; Secretary, B. A. Marks, Box 48.
- WASHINGTON**, Seattle—Seattle Association of Credit Men. President, A. K. Matzger, Saxony Knitting Co.; Secretary, F. A. Godfrey, E. C. Klyce Co.
- WASHINGTON**, Spokane—Spokane Merchants' Association. President, Ray R. Gill, Holley-Mason Hardware Co.; Secretary, J. B. Campbell, Old National Bank Bldg.; Assistant Secretary, James D. Meikle, Old National Bank Bldg.
- WASHINGTON**, Tacoma—Tacoma Association of Credit Men. President, Chas. H. Plass, Coast Trading Company; Secretary, Edward B. Lung, Tacoma Bldg.
- WEST VIRGINIA**, Bluefield-Graham—Bluefield-Graham Credit Men's Association. President, J. H. Hoge, Bluefield Produce & Provision Co.; Secretary, P. J. Alexander, Flat Top Grocer Co., Bluefield, W. Va.
- WEST VIRGINIA**, Charleston—Charleston Association of Credit Men. President, W. C. Klicker; Secretary, D. C. Lovett, Jr., Lovett Printing Co.
- WEST VIRGINIA**, Clarksburg—Central West Virginia Association of Credit Men. President, Bert Evans, Morris Grocery Co.; Secretary, U. R. Hoffman, Union Bank Bldg.
- WEST VIRGINIA**, Huntington—Huntington Association of Credit Men. President, H. W. Fish, Gwinn Milling Co.; Secretary, W. W. Magoon, Blue Jay Mfg. Co.
- WEST VIRGINIA**, Parkersburg—Parkersburg-Marietta Association of Credit Men. President, W. H. Heermans, Graham-Bumgarner Co.; Secretary, P. E. Hyre, Brown, Kendall Co.
- WEST VIRGINIA**, Wheeling—Wheeling Association of Credit Men. President, S. Floyd, Greer & Laing; Secretary, John E. Schellhase, Room 31, McClain Bldg.
- WISCONSIN**, Fond du Lac—Fond du Lac Association of Credit Men. President, E. B. Hutchins, Boex-Holman Co.; Secretary, A. P. Baker, 91-93 South Main St.
- WISCONSIN**, Green Bay—Wholesale Credit Men's Association of Green Bay. President, Chas. A. Innes, Greiling, Innes Co.; Secretary, J. V. Rorer, 212 Bellin-Buchanan Bldg.
- WISCONSIN**, Milwaukee—Milwaukee Association of Credit Men. President, Carl Engelke, American Exchange Bank; Secretary, J. F. Butt, 301 Mayer Bldg.; Assistant Secretary, A. W. Hauser, 421 Sycamore St.
- WISCONSIN**, Oshkosh—Oshkosh Association of Credit Men. President, Ira Parker, Jr., Ira Parker & Sons Paint Co.; Secretary, Chas. D. Breon, 132 F R. A. Bldg.

Directory of Adjustment Bureaus Conducted by Local Association of Credit Men Which Have Advised the National Office That They Are Complying with the Rules Adopted by the National Directors.

- California, Los Angeles, F. C. DE LANO, Mgr., Higgins Bldg.
 California, San Diego, CARL O. RETSLOFF, Mgr., 607-608 Spreckels Bldg.
 California, San Francisco, Board of Trade of San Francisco.
 District of Columbia, Washington, R. PRESTON SHEALEY, Sec'y and Mgr., 726 Colorado Bldg.
 Florida, Jacksonville, H. LYLE, Mgr., 506 Dyal-Upchurch Bldg.
 Florida, Tampa, S. B. OWEN, S Roberts Bldg.
 Georgia, Atlanta, R. Y. BARRETT, Mgr., 304 Chamber of Commerce Bldg.
 Georgia, Augusta, H. M. OLIVER, Mgr., 6 Campbell Bldg.
 Georgia, Macon, A. F. MCGHEE, Mgr., Macon Association of Credit Men.
 Illinois, Chicago, M. C. RASMUSSEN, Mgr., 10 South La Salle St.
 Illinois, Springfield, R. B. LIEDEL, 125½ South 5th St.
 Indiana, Evansville, H. W. VOSS, Mgr., Furniture Exchange Bldg.
 Indiana, Muncie, THOMAS E. BRACKEN, Mgr., Delaware County National Bank Bldg.
 Indiana, South Bend, L. M. HAMMERSCHMIDT, Mgr., 710 J. M. S. Bldg.
 Indiana, Terre Haute, J. CADDEN, 401 Star Bldg.
 Iowa, Cedar Rapids, A. S. OMSBY, Mgr.
 Iowa, Davenport, ISAAC PETERSBERGER, Mgr., Lane Bldg.
 Iowa, Des Moines, DON E. NIEMAN, Mgr., 421 Fleming Bldg.
 Iowa, Ottumwa, WM. A. HUNT, Mgr., Phoenix Trust Bldg.
 Iowa, Sioux City, PETER BALKEMA, Mgr., 601 Trimble Bldg.
 Kansas, Wichita, M. E. GARRISON, Mgr., 1009 Beacon Bldg.
 Kentucky, Lexington, J. P. JOHNSTON, Mgr., 1312 Fayette National Bank Bldg.
 Kentucky, Louisville, CHAS. FITZGERALD, Mgr., 45 U. S. Trust Co. Bldg.
 Louisiana, New Orleans, T. J. BARTLETTE, Supt., 608 Canal Louisiana Bank Bldg.
 Maryland, Baltimore, S. D. BUCK, Mgr., 100 Hopkins Place.
 Massachusetts, Boston, H. A. WHITING, Secretary, 77 Summer St.
 Michigan, Grand Rapids, WALTER H. BROOKS, Secretary, 541 Michigan Trust Bldg.
 Minnesota, Duluth, E. G. ROBE, Mgr., 415 Lonsdale Bldg.
 Minnesota, Minneapolis, J. P. GALBRAITH, Mgr., 241 Endicott Bldg., St. Paul.
 Minnesota, St. Paul, JOHN P. GALBRAITH, Mgr., 241 Endicott Bldg.
 Missouri, Kansas City, C. H. WOODWORTH, Mgr., 303-7 New England Bldg.
 Missouri, St. Louis, W. J. BURTON, Mgr., 510 Locust St.
 Montana, Billings, H. C. STRINGHAM, Mgr., Electric Bldg.
 Montana, Great Falls, W. L. IGNATIUS, Mgr., 216 Ford Bldg.
 Nebraska, Lincoln and Omaha, E. E. CLOSSON, Mgr., 320 Bee Bldg., Omaha.
 New Jersey, Newark, F. B. BROUGHTON, Mgr., 519 Kinney Bldg.
 New York, Buffalo, W. B. GRANDISON, Mgr., 1001 Mutual Life Bldg.
 Ohio, Cincinnati, E. C. BEUNST, Secretary, 1503 Union Trust Bldg.
 Ohio, Cleveland, T. C. KELLER, Commissioner, 322 Engineers' Bldg.
 Ohio, Columbus, B. G. WATSON, Mgr., 411 The New First National Bank Bldg.
 Ohio, Toledo, F. A. BROWN, Mgr., 723 Nicholas Bldg.
 Ohio, Youngstown, W. C. MCKAIN, Mgr., 1106 Mahoning National Bank Bldg.
 Oklahoma, Oklahoma City, EUGENE MILLER, Mgr., 625 Insurance Bldg.
 Oklahoma, Tulsa, W. A. RAYSON, Mgr., Simmons Bldg.
 Oregon, Portland, W. B. LAYTON, Mgr., 641 Pittcock Bldg.
 Pennsylvania, Allentown, Lehigh Valley Association of Credit Men, J. H. J. RIENHARD, Mgr., Hunsicker Bldg.
 Pennsylvania, New Castle, ROY M. JAMISON, Mgr., 509 Greer Bldg.
 Pennsylvania, Philadelphia, DAVID A. LONGACKER, Mgr., Room 801, 1011 Chestnut St.
 Pennsylvania, Pittsburgh, A. C. ELLIS, Mgr., 1213 Chamber of Commerce Bldg.
 Rhode Island, Providence, E. H. CULLEN, Mgr., 1117 Turks Head Bldg.
 South Carolina, Columbia, J. M. COZART, Mgr., 1108 Palmetto Bank Bldg.
 Tennessee, Chattanooga, J. H. McCALLUM, Mgr., Hamilton National Bank Bldg.
 Tennessee, Knoxville, F. E. LOWE, Mgr., 620 Holston National Bank Bldg.
 Tennessee, Nashville, CHARLES H. WARWICK, Mgr., 803 Stahlman Bldg.
 Texas, El Paso, T. E. BLANCHARD, Mgr., 622-3 Caples Bldg.
 Texas, Houston, H. W. BROWN, Mgr., 315-316 First National Bank Bldg.
 Texas, San Antonio, HENRY A. HIRSHBERG, Mgr., Chamber of Commerce.
 Utah, Salt Lake City, WALTER WRIGHT, Mgr., 1411 Walker Bank Bldg.
 Virginia, Norfolk, SHELTON N. WOODARD, Mgr., 1210 National Bank of Commerce Bldg.
 Virginia, Richmond, JO LANE STERN, Mgr., 905 Travelers' Insurance Bldg.
 Washington, Spokane, J. D. MEIKLE, Mgr., Old National Bank Bldg.
 Washington, Seattle, J. L. BALDWIN, Mgr., Polson Bldg.
 Washington, Tacoma, W. W. KEYES, Mgr., 802 Tacoma Bldg.
 West Virginia, Clarksburg, Central W. Va. Credit and Adjustment Bureau, U. R. HOFFMAN, Mgr., 410 Union Bank Bldg.
 West Virginia, Huntington, Tri-State Credit and Adjustment Bureau, Inc., HARRY F. ELAM, Mgr., 705 First National Bank Bldg.
 Wisconsin, Green Bay, J. V. RORER, Mgr., 212 Bellin-Buchanan Bldg.
 Wisconsin, Milwaukee.
 Wisconsin, Oshkosh, CHAS. D. BREON, Mgr., 132 F. R. A. Building.

*Not controlled by but affiliated with San Francisco Association of Credit Men.

**Directory of Credit Interchange Bureaus Conducted by
Local Associations of Credit Men Which Have Advised
the National Office That They Are Complying with
the Rules Adopted by the National Directors.**

- Alabama, Birmingham, R. H. EGLESTON, Mgr., 321-323 Chamber of Commerce.
Alabama, Montgomery, J. M. HOLLOWAY, Mgr., 81 Vandiver Bldg.
District of Columbia, Washington, R. PRESTON SNEALEY, Mgr., 726 Colorado Bldg.
Florida, Jacksonville, H. LYLE, Mgr., 506 Dyal-Upchurch Bldg.
Georgia, Atlanta, A. G. SMITH, Mgr., 304 Chamber of Commerce Bldg.
*Georgia, Augusta, H. M. OLIVER, Mgr., 6 Campbell Bldg.
Georgia, Macon, A. F. MCGHEE, Mgr., Macon Association of Credit Men.
*Illinois, Chicago, F. E. ALEXANDER, Mgr., 10 South La Salle St.
*Indiana, Evansville, H. W. VOSS, Mgr., Furniture Exchange Bldg.
*Indiana, South Bend, L. M. HAMMERSCHMIDT, Mgr., 710 J. M. S. Bldg.
*Iowa, Ottumwa, Wm. A. HUNT, Mgr., Phoenix Trust Bldg.
*Iowa, Sioux City, A. P. SOELBERG, Mgr., 601 Trimble Bldg.
*Kansas, Wichita, M. E. GARRISON, Mgr., 1009 Beacon Bldg.
*Kentucky, Louisville, P. B. THOMPSON, Mgr., 45 U. S. Trust Bldg.
*Louisiana, New Orleans, E. PILSBURY, Mgr., 698 Canal Louisiana Bank Bldg.
Maryland, Baltimore, S. D. BUCK, Mgr., 100 Hopkins Place.
Massachusetts, Boston, H. A. WHITING, Secretary, 77 Summer St.
*Michigan, Detroit, FRANK R. HAMBURGER, Mgr., 917-918 Dime Bank Bldg.
Michigan, Grand Rapids, WALTER H. BROOKS, Mgr., 541 Michigan Trust Bldg.
*Minnesota, Duluth (also Superior), Duluth Jobbers' Credit Bureau, Inc., E. G. ROBBIE, Mgr., 415 Lonsdale Bldg.
*Minnesota, Minneapolis, N. W. Jobbers' Credit Bureau, J. P. GALBRAITH, Mgr., 241 Endicott Bldg., St. Paul, Minn.
*Minnesota, St. Paul, N. W. Jobbers' Credit Bureau, J. P. GALBRAITH, Mgr., 241 Endicott Bldg.
*Missouri, Kansas City, C. H. WOODWORTH, Mgr., 303-7 New England Bldg.
*Missouri, St. Louis, W. J. BURTON, Mgr., 510 Locust St.
*Montana, Billings, H. C. STRINGHAM, Mgr., Electric Bldg.
Nebraska, Omaha, E. E. CLOSSUM, Mgr., 320 Bee Bldg.
New Jersey, Newark, F. B. BROUGHTON, Mgr., 519 Kinney Bldg.
*New York, Buffalo, HARRY G. PHILLIPS, Mgr., 1001 Mutual Life Bldg.
*New York, Syracuse, Central New York Credit and Adjustment Bureau, Inc., C. A. BUTLER, Mgr., 702-703 Snow Bldg.
*Ohio, Cincinnati, E. C. BRUNST, Mgr., 1503 Union Trust Bldg.
*Ohio, Cleveland, D. W. CAULEY, Mgr., 326 Engineers' Bldg.
Ohio, Columbus, CHAS. B. CRANSTON, 410 New First National Bank Bldg.
Ohio, Toledo, F. A. BROWN, Mgr., 723 Nicholas Bldg.
*Oklahoma, Oklahoma City, EUGENE MILLER, Mgr., 625 Insurance Bldg.
Pennsylvania, Allentown, Lehigh Valley Association of Credit Men, J. H. J. REINHARD, Mgr., 402 Hunsicker Bldg.
*Pennsylvania, New Castle, Roy M. JAMISON, Mgr., 511 Greer Bldg.
*Pennsylvania, Philadelphia, DAVID A. LONGACRE, Secretary, 1011 Chestnut St.
Pennsylvania, Pittsburgh, A. C. BUNCE, Mgr., 1213 Chamber of Commerce Bldg.
South Carolina, Columbia, J. M. COZART, Mgr., 1108 Palmetto Bank Bldg.
*Tennessee, Chattanooga, J. H. MCCALLUM, Mgr., Hamilton National Bank Bldg.
Tennessee, Nashville, CHARLES H. WARWICK, Mgr., 803 Stahlman Bldg.
Texas, Austin, R. L. BEWLEY, Mgr., P. O. Box 1075.
Texas, San Antonio, H. A. HIRSBERG, Mgr., Chamber of Commerce.
*Utah, Salt Lake City, WALTER WRIGHT, Mgr., 1411 Walker Bank Bldg.
Virginia, Norfolk, SHELTON N. WOODARD, Mgr., P. O. Box 852.
Virginia, Richmond, G. N. SCHUMAN, Mgr., 1214 East Main St.
*Washington, Seattle, J. L. BALDWIN, Mgr., Poison Bldg.
Washington, Tacoma, W. W. KEYES, Mgr., 803 Tacoma Bldg.
West Virginia, Clarksburg, Central W. Va. Credit and Adjustment Bureau, U. R. HOFFMAN, Mgr., 410 Union Bank Bldg.
*West Virginia, Huntington, Tri-State Credit and Adjustment Bureau, Inc., HARRY F. ELAM, Mgr., 705 First National Bank Bldg.
Wisconsin, Green Bay, J. V. RORER, Mgr., 212 Bellin-Buchanan Bldg.
*Wisconsin, Milwaukee, ———, 301 Mayer Bldg.
Central Credit Interchange Bureau, St. Louis, Mo., W. J. BURTON, Mgr., 510 Locust St.

*Interchange Bureau Participating in Central Bureau.